

Statistics of Income

SOI BULLETIN



Department of the Treasury
Internal Revenue Service

Volume 8, Number 4

Spring 1989

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SOI BULLETIN

Department of the Treasury
Internal Revenue Service

Publication 1136 (Rev. 6-89)

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The SOI Bulletin provides the earliest published annual financial statistics from various types of tax and information returns filed with the Internal Revenue Service. It also includes information from periodic or special analytical studies of particular interest to tax administrators. In addition, historical data are provided for selected types of taxpayers, as well as the gross internal revenue collections and other tax related items.

Information on the availability of additional unpublished data concerning the topics in this issue may be obtained by writing to the Statistics of Income Division, TR:S Internal Revenue Service, Washington, DC 20224.

In addition, special Statistics of Income tabulations based on income tax returns can be produced upon request on a reimbursable basis. Requests for this service should be addressed to the Director, Statistics of Income Division, at the address shown above.

Overall policy review of the SOI Bulletin is conducted by the Office of Tax Analysis, under the direction of Thomas Neubig. For this issue, those assisting in the review were Tracy Gomes, Allen H. Lerman, Carolyn Lynch, Susan Nelson, and Jerry Tempalski. Robert A. Wilson and Bettye Jamerson of the Statistics of Income Division were the technical editors and were assisted by Wendy Alvey and Beth Kilss, editors of the SOI Bulletin Board, and Clementine D. Brittain who provided editorial assistance and prepared the copy.

Suggested Citation

Internal Revenue Service
Statistics of Income Bulletin
Spring 1989
Washington, D.C. 1988

For sale by the Superintendent of Documents,
U.S. Government Printing Office,
Washington, D.C. 20402

SOI STATISTICAL SERVICES

(Available from Statistics of Income Division)

As part of the Statistics of Income program a series of special services is now being offered to data users (see below). Detailed information on these statistical services can be obtained by writing to Director, Statistics of Income Division (TR:S), Internal Revenue Service, 1111 Constitution Avenue, N.W., Washington, DC 20224. Purchase is by check made payable to the IRS Accounting Section.

Studies of International Income and Taxes, Publication 1267 — Price \$45.00

Purchase price includes a 516-page document for 1979–83 that presents information from 13 Statistics of Income studies in the international area, including:

- Foreign activity of U.S. corporations
- Activity of foreign corporations in the U.S.
- Foreign interests in U.S. corporations
- Statistics related to individuals, trusts, and estates
- Data presented by—geographical area or industrial activity, as well as other classifiers

Purchasers of this service also will be provided with additional information for one year as it becomes available. The one year period for receiving additional information can be extended at a cost of \$35.00 per year. A long-term subscription (\$150) includes the compendium and additional information as it becomes available through August 1990. (The next compendium is scheduled for release in September 1990.)

Individual Income Tax Returns, Publication 1304 — Price \$32.00

Purchase price includes a 196-page document for 1985 presenting Statistics of Income data and tables on:

- Sources of income
- Exemptions
- Itemized deductions
- Tax computations
- Data presented by—size of adjusted gross income, marital status

Purchasers of this service also will be provided with additional articles relating to 1985 data and preliminary 1986 data as they become available and will be notified of future statistical releases relating to individual income tax returns.

Partnership Returns, Publication 369 — Price \$22.00

Purchase price includes a 314-page document for 1978–82 presenting previously unpublished Statistics of Income data for 1980, 1981 and 1982, as well as data previously issued in other publications. Features include:

- Number of partnerships
- Limited partnerships
- Receipts
- Cost of sales and operations
- Deductions
- Net income
- Capital gains
- Data presented by—industry size of total assets state number of partners

Purchasers of this service also will be provided with data for 1983–1985 as they become available and will also be notified of future statistical releases relating to partnership returns.

Other Services — Price dependent on the request

- Unpublished tabulations from SOI program are available. Includes detailed tables underlying those published in SOI Bulletin.
- Special tabulations produced to user specifications.
- Public use tape files, including the Individual Tax Model (1978–1985), among others. (Earlier files are available from the Machine Readable Branch (NNSR) of the National Archives, Washington, DC 20408.

BUSINESS SOURCE BOOKS

(Available from Statistics of Income Division)

In addition to the Corporation Source Book, two others are now being offered by the Statistics of Income Division (see below). Information can be obtained by writing to Director, Statistics of Income Division (TR:S) at the address above. Purchase of Source Books is by check made payable to the IRS Accounting Section.

Corporation Source Book, 1985, Publication 1053 — Price \$175.00

This is a 480-page document that presents detailed income statement, balance sheet, tax and investment credit items by major and minor industries and size of total assets. This report is part of an annual series and can be purchased for \$175 (issues prior to 1982 are for sale at \$150). A magnetic tape containing the tabular statistics for 1985 can be purchased for \$1,500.

Partnership Source Book, Publication 1289 — Price \$30.00

This is a 291-page document showing key partnership data for 1957 through 1983, at the minor, major and division industry level. Includes a historical definition of terms section and a summary of legislative changes affecting partnerships during that period. Tables feature:

- Number of partnerships
- Number of partners
- Business receipts
- Depreciation
- Taxes paid deduction
- Interest paid
- Payroll
- Payments to partners
- Net income

Purchasers of this service also will be advised of the release of subsequent years' data. A magnetic tape containing the tabular statistics can be purchased for an additional \$200.

Sole Proprietorship Source Book, Publication 1323 — Price \$95.00

This Source Book is a companion to that for partnerships, shown above. It is a 244-page document showing key proprietorship data for 1957 through 1984. Each page contains statistics for a particular industry. Included will be data on:

- Number of business
- Business receipts
- Interest paid
- Depreciation
- Taxes paid deduction
- Payroll
- Net income

As with Partnerships, a magnetic tape containing the tabular statistics can be purchased for \$245.

OTHER PUBLICATIONS

(Available from Superintendent of Documents GPO, Washington, D.C. 20402)

The Statistics of Income (SOI) Bulletin (Quarterly) — Publication No. 1136

Subscription price \$16.00; Single copy price \$6.00

The SOI Bulletin provides the earliest published financial statistics from the various types of tax and information returns filed with the Internal Revenue Service. The Bulletin also includes information from periodic or special analytical studies of particular interest to tax administrators and economists.

Statistics of Income—1985, Corporation Income Tax Returns, Publication No. 16

Price \$9.50

Presents information on—

- Receipts
- Deductions
- Net income
- Taxable income
- Income tax
- Tax credits
- Distribution to stockholders
- Assets
- Liabilities

Data classified by—

- industry
- accounting period
- size of total assets
- size of business receipts

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For Tax Year 1987, the first year of transition under the Tax Reform Act of 1986, preliminary data show that adjusted gross income reached \$4,788 billion, an increase of 12.3 percent. However, much of the increase was due to the major definitional changes included in the Act. Total income tax for 1987 was \$371 billion, up only slightly from \$367 billion for 1986. Tax liability, when looked at as a percentage of adjusted gross income, declined sharply from 14.8 percent for 1986 to 13.3 percent for 1987.	
Individual Income Tax Rates, 1986	27
By John Labate and Dan Holik	
Tax Year 1986 marked the final year of individual income tax adjustments under the Economic Recovery Tax Act of 1981 (ERTA). This article presents statistics on marginal tax rates for 1986, with summary statistics for 1980, the last year before ERTA, and for 1981 through 1985, the other 5 years under ERTA. For Tax Year 1986, individual income tax totaled roughly \$367 billion, or 13 percent more than 1985. For returns that showed some tax liability, the average income tax was \$4,374, an increase of more than \$443 from 1985. The average tax rate for "taxable returns" increased to 15.05 percent of adjusted gross income, the highest rate since 1982.	
Individual Income Tax Shares and Average Tax Rates, 1951-1986	39
By Janet McCubbin and Fritz Scheuren	
This is the second article in a series that when completed will present a history of individual income and tax data from 1916 to more recent times. The first article covered Tax Years 1916 through 1950. This sequel provides data for later years, focusing on percentile shares of tax for 1951 through 1986. A third article due to be published in an upcoming issue will include an overall look at income and tax shares for the entire period.	
Foreign Corporate Investment and Activity in the United States, 1984 and 1985	75
By James R. Hobbs	
For Tax Year 1985, the 36,700 domestic corporations that were "controlled" by a "foreign person" generated \$514 billion of worldwide receipts and reported total assets amounting to \$656 billion. Also for 1985, there were nearly 11,700 "foreign" corporations that reported \$51 billion of receipts generated from activities "effectively connected" with a U.S. trade or business. Fifty-two percent of these receipts were for foreign banks with U.S. branch operations.	
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SOME OBSERVATIONS AND INSIGHTS

While the rest of IRS concerns itself with collecting taxes and issuing refunds, the end of the 1989 filing season finds the SOI Division deeply engrossed in processing statistical samples of tax returns so that the Treasury Department and you, the public, can learn more about how the Tax Reform Act of 1986 is working. (Some of the first effects of the Act are reflected in the 1987 preliminary data, which are presented in this issue of the *Bulletin*.) A number of provisions of that legislation were implemented for Tax Year 1988 and, thus, were felt by taxpayers for the first time when they filed their returns this year. Since mid-January we have been compiling some early statistics on a weekly basis from our Taxpayer Usage Study. These results will be reported on in detail in the Summer issue of the *Bulletin*, but a few tidbits from data compiled through April 28, 1989, are presented below for your information.

- Approximately 101.8 million returns were filed. This was up from 98.2 million returns that had been filed as of the same time last year.
- Forms 1040 accounted for 63.3 percent of the Tax Year 1988 returns filed, a 1.0 percent decline from Tax Year 1987. Forms 1040A and 1040EZ were filed by 18.0 percent and 18.7 percent of the filers, respectively, which were increases over last year's rates of 17.4 percent for Forms 1040A and 18.3 percent for Forms 1040EZ.
- About 69.6 percent of the taxpayers claimed a refund, down from the 71.9 percent who claimed a refund last year.
- The percentage of Forms 1040 showing itemized deductions declined to 47.9 percent from 51.1 percent for 1987.

- Use of paid tax return preparers increased slightly for Forms 1040, by 0.2 percent—from 65.0 for 1987 to 65.2 percent for 1988. For Forms 1040A and 1040EZ, use of tax preparers declined from 24.0 to 22.1 percent for 1040A's and from 4.1 to 3.6 percent for 1040EZ's.
- The percentage of those eligible to claim the deduction for contributions to an Individual Retirement Arrangement (IRA) continued to decline, from 7.2 percent last year to 6.0 percent this year.

The indicators provided by these early statistics from the 1989 filing season are currently being studied closely by all concerned. We now await the preliminary statistics that cover all 1988 returns which will become available early next year.

Fritz Scheuren
Director
Statistics of Income
Division

Individual Income Tax Returns, Preliminary Data, 1987.—This article, presenting preliminary data, is featured annually in the *SOI Bulletin*. This time it presents statistics for 1987 based on a sample of individual income tax returns filed in 1988 and shows some of the first detailed results of the recent tax reform.

Individual Income Tax Rates, 1986.—This article is also an annual feature of the *Bulletin* and provides data on average and marginal tax rates for Tax Year 1986.

Foreign Investment and Activity in the U.S. through Corporations, 1984 and 1985.—This article presents data on domestic corporations controlled by a foreign person and on foreign corporations doing business in the United States. This information is based on corporation income tax returns for both 1984 and 1985.

Selected Historical Data.—These tables contain historical and current financial statistics from the various tax returns and supporting schedules filed with the IRS, as well as the most recent information about tax collections and refunds.

THIS ISSUE AT A GLANCE

Three articles featured in the Spring 1989 issue of the *Bulletin* focus on data from the individual income tax area. The fourth presents data on foreign corporate activity. A brief abstract of each article is provided below:

Individual Income and Tax Shares, 1951-1986.—This is the second article in a series of three that present an analysis of selected percentile shares of income and tax over time. This second article focuses on percentile shares of the income tax for the more recent years; the first article concentrated on the earlier years.

BEHIND THE SCENES

Among the many sounds that can be heard throughout the halls of the SOI Division at lunchtime every Tuesday are the voices of the IRS chorus. This group rehearses weekly for its periodic performances at IRS-sponsored special events under the capable leadership of PETER SAILER. A long-time Division employee, Pete also "conducts" the many activities of our Individual Special Projects Section in the Individual Statistics Branch. But it was for his musical skills—in particular, his dedication and commitment to the chorus for the past 2-1/2 years—that Pete was honored in March by former Commissioner Lawrence Gibbs and joined the

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ranks of those who have received the coveted "IRS Commissioner's Award." By the way, on Tax Day (April 17), Pete and the chorus could be heard serenading taxpayers as they entered our building for tax forms and tax advice with some old ("Little Tommy Tax") and some new ("Deep in the Heart of Taxes") tax songs. Other SOI Division employees in the IRS Chorus include SANDY BYBERG, NANCY DUTTON, BARRY JOHNSON, BETH KILSS, BRIAN MADIGAN, VERGIE MOSE, RAY SHADID, AND JEANETTE SIMMS.

If you had visited the SOI Division lately, you might have thought we were playing "musical chairs." Not so, but there are a number of people who, since March, have been occupying new leadership positions. All of our newest group of program managers have previously been statisticians or economists in the Division for several years before moving into their current jobs.

DAVE PARIS, our new Chief, Individual Statistics Branch, oversees and manages the income tax statistical program relating to individuals and sole proprietorships, plus such special studies as sales of capital assets and TPUS, which I've already mentioned. Along with Pete, he is responsible for developing the tax model of individual income tax returns both as a public-use file and as a research tool for use by Treasury's Office of Tax Analysis and the Congressional Joint Committee on Taxation. Assisting Dave in carrying out some of these functions is the new chief of the Individual Returns Analysis Section, JEFF HARTZOK. Jeff and his staff conduct the basic SOI program for individuals and sole proprietorships, producing data annually which cover size distributions of income, deductions, tax, and tax credits. They also are responsible for periodic studies of sales of capital assets and on the foreign income and taxes of Americans living abroad.

Our Corporation Statistics Branch also has benefited from these new managerial selections. The Corporation Returns Analysis Section is now headed by KEN SZEFLINSKI, with ALAN ZEMPEL promoted to the management staff as Chief, Corporation Special Projects Section. Ken oversees the basic SOI program relating to corporations which produces data annually that cover the complete income statement, balance sheets, tax, and tax credits, by industry and size. Alan and his staff have responsibility for several studies including the annual basic SOI program for partnerships and the annual computation of the percentage used in determining the income tax of foreign life insurance companies with U.S. operations.

YOUR CALL

We are proud to announce the recent establishment of a statistical information services office under the supervision of BOB WILSON (202-376-0218), who also coordinates publication of the *Bulletin*. Currently on the statistical information staff are DAVE JORDAN, SANDY BYBERG, and DARLENE REYNOLDS.

If you have questions about the availability of our SOI data or when our next publications are due to be released, our staff in this newly formed office is waiting to answer your inquiry *Monday-Friday from 8:00 am to 5:00 pm on (202) 376-3900.*

During the past 2 years, many people in the SOI Division have been involved in the planning, organizing, and launching of this new office in an effort to better serve our customers and handle the numerous inquiries for SOI data and SOI publications. By centralizing a function that was previously spread throughout the Division's program branches, we have been able to introduce many efficiencies and

eliminate a lot of inconsistencies in the way information requests were previously answered.

In making the transition from a decentralized system of answering outside requests for information to a centralized one, we are doing a number of specific things which we feel will help us achieve our objectives:

- All incoming information calls and letters requesting information are being referred directly to the "information desk" first. The staff will answer all calls and letters about the *availability* of statistical information in one of several ways: the caller's questions will be answered immediately; the staff will research the answer and call back; or the staff will respond in writing.
- When the inquiry concerns *technical details* about one of our projects, the staff will refer it to a subject-matter specialist in one of the program branches. The names and telephone numbers of the specialists are available on pages 18-24 of the Fall 1988 issue of the *Bulletin*. The projects they work on are also listed and described there. Plans are to update this information annually, but current information will also be available from our information desk.
- We have moved responsibility for our statistical subscription series (corporation "source book," "source books" for unincorporated businesses, and reports in the IRS methodology series) out of the various branches to the new information desk. To obtain information on how to request these special reports, users may call or write the statistical information services office directly.
- Our information desk is also handling requests for data on area-to-area migration, as well as some of the requests for

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other small area data based on individual income tax returns. Customers requesting special tabulations of the latter information, however, will be referred to the subject-matter specialists or may want to get in touch with them directly.

There will be other procedures and areas of responsibility incorporated into the functions of this office. Our information desk, however, is still in an early stage of development and is not yet very widely known. Despite this, since its opening day(s) in February, the number of phone calls and letters requesting information has averaged between 55 and 60 each week and continues to grow. In each case a response was given, either immediately, in the case of many phone requests, or on the average of about a week for letters and calls requiring research.

Though we are pleased with this strong beginning, we are looking forward to learning how to do this job even better, and we are anxious to learn how well we are serving you. We would, therefore, welcome your comments or any suggestions you may have for improvement. There will also be personal follow-ups with some of you to see how satisfied you are with our service and how well you feel your questions were answered. At the same time, individuals are urged to call me if they feel the written replies they have received are unresponsive in any way. (My telephone number is 202-376-0216.)

UPCOMING FEATURES

The following are a few of the articles to look for in upcoming issues of the *SOI Bulletin*:

- Private Foundations, 1985;
- Sole Proprietorships, 1987;
- Social Security Taxation, 1986-1991;
- Partnerships, 1987;
- Corporation Income Tax Returns, 1986, (preliminary data);
- Taxpayer Usage of Individual Income Tax Returns, 1988; and
- High Income Individual Income Tax Returns, 1985-1986.

Individual Income Tax Returns, Preliminary Data, 1987

By Susan Hostetter and Jeffrey Bates*

In 1987, the first year of transition under the Tax Reform Act of 1986, there were major changes in the definitions of income (items included in gross income, adjusted gross income, and taxable income), statutory adjustments to income, deductions, and personal exemptions, as well as in tax rates and the income tax computation. Despite these changes, when computed similarly for 1986 and 1987, recomputed total income increased by only 1 percent from \$2,781 billion to \$2,808 billion [1]. On the other hand adjusted gross income (AGI), the traditional tax measure of income, reached \$2,788 billion for 1987, an increase of 12.3 percent, much of which was due to definitional changes. Recomputed total income is the measure of comparable income used for this article and is discussed later on. See Figure A for a comparison of 1986 and 1987 AGI and recomputed total income [2].

Total income tax (the sum of income tax after credits and the alternative minimum tax) for 1987 was \$371 billion, up only slightly from \$367 billion for 1986. Tax liability, when looked at as a percentage of adjusted gross income, declined sharply from 14.8 percent for 1986 to 13.3 percent for 1987; however, when looked at as a percentage of a comparable income total, the percentage remained the same at 13.2 for both years.

There were substantial modifications in reporting requirements throughout the individual income tax return, and these changes are dramatically evident in the statistics. Even though, in the aggregate, income and tax changed very little, individual taxpayers may have experienced considerable change in either adjusted gross income or tax as a result of tax reform.

Because of the extensive alterations in the individual tax law and the major effect this had on the traditional statistical measures (like AGI), this article is presented somewhat differently for 1987 than for prior years in order to focus on the tax law changes and their effects on the data. To this end, the article begins with a section on definitions and changes in the law, followed by an analysis using a comparable income concept.

DEFINITIONS AND CHANGES IN THE LAW

The changes in law summarized below are covered in the order in which they are reflected on the Form 1040

* Susan Hostetter is Assistant Chief, Individual Statistics Branch; Jeffrey Bates is an economist, Individual Statistics Branch. Significant contributions were made by Allen H. Lerman, Office of Tax Analysis, U.S. Department of the Treasury.

Figure A.—Recomputed Total Income (RTI), Adjusted Gross Income (AGI), and Percentage Change, Tax Years 1986 and 1987

[Amounts are in millions of dollars]

Income concept	1986 income	1987 income	Percentage change
	(1)	(2)	(3)
Recomputed total income ¹	\$2,781,145	\$2,807,749	+ 1.0%
Adjusted gross income	\$2,481,681	\$2,788,011	+ 12.3

¹ For 1986, adjusted gross income plus statutory adjustments, plus dividend exclusion, plus capital gains exclusion, plus unemployment compensation exclusion; for 1987, adjusted gross income plus statutory adjustments less disallowed passive losses.

individual income tax return. Whenever possible, statistics showing the effects of the change from 1986 to 1987 are presented. Figure B shows a comparison of selected sources of income, total income (i.e., income before deducting statutory adjustments), statutory adjustments, and adjusted gross income for 1986 and 1987.

Filing Requirements

The tax return filing thresholds based on income, age, and marital status were changed for all filing status groups for 1987. The two largest categories in terms of the number of taxpayers affected were single persons and married persons filing jointly. While, for 1986, a single taxpayer was required to file a return if his or her gross income was at least \$3,560, for 1987 the threshold was \$4,440 [1]. For married couples filing jointly where both spouses were under age 65, the filing threshold increased from gross income of \$5,830 for 1986 to \$7,560 for 1987. Figure C shows that, while there was little increase (less than 1 percent) in the number of married taxpayers filing joint returns, the number filing single returns increased about 8 percent, and the number of married taxpayers filing separate returns increased 55 percent.

For 1987 filing thresholds for dependents were reduced, especially for those with earned income. Children and others eligible to be claimed as dependents were required to file a return if all of their income was earned (such as salaries and wages), and it exceeded \$2,540, or if their gross income was more than \$500 and any of it was unearned income (such as interest or dividends). A major change for 1987 was the elimination of the effective double exemption for dependents who filed returns and who, for 1986, could be claimed as a dependent and still claim an exemption for themselves. Regardless of income level, a dependent could not claim an exemption on his or her own return if he or she could be claimed as a dependent on the parent's return. Also, if gross income was \$1,900 or more,

Individual Income Tax Returns, Preliminary Data, 1987

Figure B.—Comparison of Selected Sources of Income Affected by the Tax Reform Act of 1986, Tax Years 1986 and 1987

[Returns are in thousands, amounts are in millions of dollars]

Item	1986		1987		Percentage change in income
	Number of returns	Amount	Number of returns	Amount	
	(1)	(2)	(3)	(4)	
Salaries and wages	88,218	\$2,031,026	91,166	\$2,169,144	+6.8%
Taxable interest	65,237	167,640	68,010	163,981	-2.2
Tax-exempt interest	—	—	3,240	30,967	+100.0
Total dividends	20,896	63,629	22,264	66,442	+4.4
Dividend exclusion	17,053	2,006	—	—	-100.0
Dividends in AGI	16,754	61,623	22,264	66,442	+7.8
Business net income (less loss)	12,360	90,424	12,937	103,930	+14.9
Net income	9,248	110,497	9,861	120,209	+8.8
Net loss	3,113	20,073	3,076	16,279	-18.9
Net capital gains before exclusion	15,658	295,882	15,274	133,487	-54.9
Capital gains exclusion	10,082	191,290	—	—	-100.0
Net capital gains in AGI	15,565	132,842	15,274	133,487	+0.5
Pensions annuities in AGI	14,771	107,697	16,565	125,352	+16.4
Rent net income (less loss)	8,803	-20,204	8,683	-10,818	-46.5
Net income	3,418	17,683	3,569	18,492	+4.6
Net loss	5,385	37,887	5,114	29,310	-22.6
Partnership and S Corporation net income (less loss)	5,817	-5,860	5,271	32,075	+647.4
Net income	3,407	69,045	3,223	79,077	+14.5
Net loss	3,818	74,289	3,720	46,994	-36.7
Farm net income (less loss)	2,524	-7,284	2,426	-770	+89.4
Total unemployment compensation	8,243	14,135	7,423	12,324	-12.8
Excluded unemployment compensation	—	7,160	—	—	-100.0
Unemployment compensation in AGI	5,106	6,975	7,423	12,324	+76.7
Other income (less loss) ¹	5,917	-22,561	6,650	-8,712	+61.4
Total income	n.a.	2,580,689	106,893	2,817,576	+9.2
LESS:					
Statutory adjustments	38,034	99,008	11,559	29,565	-70.1
EQUALS:					
Adjusted gross income	103,045	2,481,681	107,070	2,788,011	+12.3

¹ Sources of income shown above represent an incomplete list and do not add to total income. "Other income" represents data reported on Form 1040, line 21 for 1987 (line 22 for 1986).

n.a.—Not available.

NOTE: Detail may not add to total because of rounding.

children over age 19 (with some exceptions) could not be claimed as dependents. A child under the age of 14 who had investment income that exceeded \$1,000 generally had that income taxed at the highest tax rate applicable to his or her parents' income for the year.

Interest

Starting with 1987 (for the first time since 1942), tax-exempt interest on State or local Government obligations had to be shown on Federal income tax returns, even

though it generally was not subject to Federal taxation. More than 3 million people reported almost \$31 billion in such interest. Nearly half of the total tax-exempt interest was reported on returns with AGI of \$100,000 or more.

Taxable interest received decreased by 2.2 percent, while the number of returns with taxable interest increased by more than 4 percent from 65 million to 68 million. In contrast to tax-exempt interest, only 20 percent of taxable interest was reported on returns with AGI of \$100,000 or more.

Dividend Exclusion

The dividend exclusion of up to \$100 (\$200 on joint returns) was repealed for 1987. Total dividends (before exclusion), the amount most comparable for both years, increased by about 4.4 percent for 1987, down from an increase of 11.6 percent the year before. Dividends in AGI rose 7.8 percent from 1986 to 1987, with over two-fifths of the increase in dividends due to the elimination of the exclusion.

The total number of returns with any dividend income increased by 6.5 percent for 1987, from 20.9 million to 22.3 million. However, those reporting dividend income included in AGI increased by 33 percent from 16.8 million to 22.3 million.

Figure C.—Summary of Filing Thresholds and Number of Returns, Tax Years 1986 and 1987

[Number of returns are in thousands]

Type of return	1986		1987		Percentage change in returns
	Filing threshold ¹	Number of returns	Filing threshold ¹	Number of returns	
	(1)	(2)	(3)	(4)	
Total	—	103,045	—	107,070	+3.9%
Married filing:					
Jointly	\$5,830	47,870	\$7,560	47,901	+1
Separately	1,080	1,015	1,900	1,574	+55.1
Single	3,560	43,800	4,440	47,362	+8.1
Head of household	3,560	10,279	4,440	10,179	-1.0
Surviving spouse	4,750	82	5,660	55	-40.2

¹ Special filing thresholds were set for taxpayers 65 or older or blind.

Note: There were other reasons for being required to file such as the presence of self-employment income of \$400 or more, regardless of the filing threshold shown above. In addition, many people filed returns in order to claim a refund because of overwithholding of tax on wages.

Capital Gains

Long-term (assets held over 6 months): For 1987, the 60-percent exclusion of long-term capital gains was repealed so that the full amount of capital gains was included in AGI as ordinary income. However, for 1987 only, the maximum tax rate on long-term capital gains was limited to 28 percent (up from 20 percent in 1986), which was lower than the top rate of 38.5 percent on ordinary income for 1987. Full taxation at the same tax rates as "ordinary" income began in 1988.

Short-term (assets held for 6 months or less): For 1987, the top tax rate on short-term gains was the same as for "ordinary" income, 38.5 percent. For 1986, the top rate was 50 percent.

Net capital gains realizations (i.e., capital gains net of capital losses and before the 1986 exclusion) dropped from nearly \$300 billion in 1986 to about \$133 billion in 1987 [3]. The latter amount was more in line with the 1984 and 1985 realizations of \$135 and \$168 billion, respectively. The "spike" in capital gains for 1986 was an anomaly as taxpayers sold assets they might not otherwise have sold in order to take advantage of the 60 percent capital gains exclusion before it was rescinded beginning for 1987 by the Tax Reform Act. With the exclusion eliminated, capital gains in AGI were almost the same for 1987 as for 1986, increasing only about 0.5 percent.

Figure D shows the steady rise from 1980 through 1986 in net gains from sales of capital assets before exclusion and the comparable 1987 amount. By and large, the increase follows stock market trends in sales of corporate stock which comprises the largest component of capital assets sold [4]. Stock market activities in 1986 and 1987 would also have affected the sales of capital assets figures, in that 1986 saw a favorable stock market, and 1987 saw a decline that may have caused taxpayers to realize losses. However, the effects of these activities appear to be insignificant compared to the sales of capital assets in anticipation of the elimination of the 60-percent exclusion.

Figure D.—Net Capital Gains Before Exclusion, and Percent Increase, Tax Years 1980–1987

(Number of returns are in thousands, money amounts are in millions of dollars)

Tax year	Number of returns	Net Capital gains before exclusion	Percentage increase
	(1)	(2)	(3)
1980	8,929	\$ 72,073	1.4%
1981	9,485	77,799	7.9
1982	9,636	86,676	11.4
1983	9,543	119,271	37.6
1984	10,927	135,348	13.5
1985	11,126	167,540	23.8
1986	15,658	295,882	76.6
1987	15,274	133,487	-54.9

Pensions and Annuities

Pensions in AGI increased by 16.4 percent from Tax Year 1986 to more than \$125 billion, and the number of returns reporting pensions in AGI increased by 12.1 percent to 16.6 million. Both the number of returns reporting pension income and the total amount reported has been increasing steadily for years. However, the increase in pension income reported in AGI from 1986 to 1987 may have been partially attributable to the elimination of the 3-year recovery rule.

Prior to the Tax Reform Act of 1986, the 3-year recovery rule allowed retirees' annuities to be tax-free until the amount of their contribution to a pension plan was recovered, provided they could recover the entire contribution within 3 years. As a result of tax reform, all retirees were required to prorate the exclusion of their contributions over their lifetimes.

Passive Losses

Passive activity losses, a concept introduced in the Tax Reform Act of 1986, are losses that are generated by any trade, business, or rental activity in which the taxpayer did not *materially* participate. A taxpayer materially participates in an activity if he or she is involved on a regular, continuous, and substantial basis in the operations of the activity.

The 1986 Act also imposed limitations on the extent to which these losses were recognized for income tax purposes. Beginning for 1987, passive losses could only be used to offset income from passive activities. Any excess passive losses could be carried forward to the following years without limit. (Previously, any business losses could be used to offset income from any other activity.)

An exception to this limitation is made for taxpayers with passive losses from rental activities in which they are actively involved. Net losses of up to \$25,000 can be deducted to offset "nonpassive" income, such as wages or dividends. For taxpayers whose AGI exceeded \$100,000, the \$25,000 exception is reduced by 50 percent of the amount by which AGI exceeded \$100,000. This effectively eliminated the \$25,000 exception altogether for taxpayers with an AGI of \$150,000 or more.

The 1986 Act provided a 5-year phase in of the limitations on losses from passive activities entered into before October 23, 1986. This phase in allowed a diminishing percentage of passive losses to offset nonpassive income and taxes. Sixty-five percent of passive activity losses from such interests were allowed to offset nonpassive income for Tax Year 1987. Passive activity losses disallowed for 1987 by reason of the limitation could, in many cases, also be carried forward to 1988.

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Total 1987 passive activity losses allowed were \$42 billion, and the total of those disallowed was \$9.8 billion. Even though rental activity is regarded as a passive activity regardless of whether the taxpayer materially participates, about \$23 billion of allowable passive losses were attributable to rental activities where there was active participation and the taxpayer was eligible for all or part of the \$25,000 exception. About \$3 billion in rental losses was disallowed.

Most of the passive loss activity was reported on Schedule E, Supplemental Income. However sole proprietorships (Schedule C) and farms (Schedule F) frequently included passive losses or passive income which could be used to offset other passive losses. Figure E shows the numbers of returns and dollar amounts of net losses (after reduction by allowable passive losses) reported on these more frequently used schedules. These losses include both passive and nonpassive losses. Net passive losses for one of the income sources shown were allowed if they were offset by passive income from another source.

Figure E shows a consistent decrease in net losses, much of which may be attributable to 1986 tax laws providing passive loss limitations and decreases in the amount of depreciation deducted in computing business net income.

Since the purpose of the passive loss limitations was to reduce or eliminate benefits that previously resulted from "tax shelter" activities, it is likely that their effect is most concentrated in the statistics for income or loss from partnerships, since partnerships (particularly limited partnerships) were frequently used for this purpose. The SOI Bulletin article on 1986 Partnership Returns documents a 32 percent increase in net losses in limited partnerships for 1986, with much of the increase attributable to industries generally associated with tax shelter activities, such as real estate operators, lessors of buildings, and oil and gas extraction [5, 6]. As Figure E shows there was a decrease of 36.7 percent in losses claimed from partnerships and S Corporations.

Figure E.—Number of Returns and Net Losses Reported for Selected Sources of Business Income, Tax Years 1986 and 1987

[Number of returns are in thousands, money amounts are in millions of dollars]

Income source	1986		1987		Percentage decrease in loss
	Number of returns	Amount of net loss	Number of returns	Amount of net loss	
	(1)	(2)	(3)	(4)	(5)
Total.....	14,169	\$149,261	13,425	\$104,889	29.7%
Sole proprietorships.....	3,113	20,073	3,076	16,279	18.9
Rent.....	5,385	37,887	5,114	29,310	22.6
Royalties.....	65	255	37	87	65.7
Partnership and S Corporation.....	3,818	74,289	3,720	46,994	36.7
Estates and trusts.....	83	687	111	550	19.9
Farm.....	1,705	16,071	1,367	11,669	27.4

Unemployment Compensation

For 1987, all unemployment compensation was included in AGI, whereas for 1986 all or part of unemployment compensation was excluded, depending on the taxpayer's filing status and income level. Although total unemployment compensation reported for 1987 decreased by 12.8 percent, the amount included in AGI increased by 76.7 percent, from \$7.0 billion to \$12.3 billion.

Statutory Adjustments

Statutory adjustments were the amounts deducted from "total income" in order to determine adjusted gross income. These adjustments decreased by 70 percent from 1986 to 1987, mainly as the result of statutory changes. Figure F provides a summary of the changes before and after tax reform.

Moving Expenses.—Moving expenses were no longer deductible as an adjustment in computing AGI; instead taxpayers could subtract them as an itemized deduction. For 1986, about \$4.6 billion was claimed for this adjustment. For those who itemized, the 1987 deduction was \$3.7 billion (see Itemized Deductions, below).

Employee Business Expenses.—For 1987, unreimbursed employee business expenses, in contrast to reimbursed expenses, were deductible only as a "miscellaneous" itemized deduction. As such they were deductible only by those who itemized and then only to the extent that all miscellaneous deductions exceeded 2 percent of AGI. For 1986, these expenses were statutory adjustments to income, and were fully deductible, even if the taxpayer did not itemize deductions. About \$19.6 billion was claimed as an adjustment for 1986 employee business expenses. For 1987, \$12.9 billion of employee business expenses were claimed as itemized deductions (subject to the 2 percent

Figure F.—Selected Statutory Adjustments, Tax Years 1986 and 1987

[Number of returns are in thousands, money amounts are in millions of dollars]

Type of adjustment	1986		1987		Percentage change in adjustment
	Number of returns	Amount	Number of returns	Amount	
	(1)	(2)	(3)	(4)	(5)
Total ¹	38,034	\$99,008	11,559	\$29,565	-70.1%
Moving expense.....	1,791	4,621	—	—	-100.0
Employee business expense.....	7,168	19,622	1,421	4,047	-79.4
Payments to an IRA.....	15,536	37,758	7,351	14,146	-62.5
Payments to a Keogh plan.....	773	6,195	746	5,921	-4.4
Deduction for a working married couple.....	25,647	26,672	—	—	-100.0

¹ Adjustments do not add to total because "other adjustments" were not listed and, in some cases, adjustments on prior year returns were not included in 1987 data, but are included in the 1987 total.

limitation), leaving only the reimbursed portion, amounting to \$4.0 billion, to be claimed as statutory adjustments.

Individual Retirement Arrangements (IRAs).—The IRA contribution deduction was limited or disallowed for middle- and upper-income participants who were covered by employer-provided pension plans, although the tax-deferral feature was still allowed for any nondeductible contributions they made [7]. This was a change from 1986 when IRA contributions were deductible regardless of income level or pension coverage. As a result of the change in law, deductible IRA contributions dropped from nearly \$38 billion to slightly more than \$14 billion. Also, the number of returns with IRA deductions dropped by 52.7 percent from 15.5 million for 1986 to 7.4 million for 1987.

Deduction for Working Married Couple.—For 1986, a married couple, when both worked and they filed a joint return, could deduct as an adjustment to income 10 percent of the lesser of \$30,000 or the "qualified earned income" of the lower-earning spouse. This deduction was repealed effective for 1987. Figure F, shows that for 1986 this adjustment to income reduced AGI by \$26.7 billion. The 1986 Act reduced tax rates and increased the standard deduction and the personal exemption amounts. As a result, the "marriage penalty" was reduced thereby reducing the need for the special deduction for two-earner couples [8].

Itemized Deductions

Total itemized deductions decreased by 14.1 percent and the number of returns reporting them dropped by 12.7 percent. These declines reflect tax reform provisions that generally reduced several widely-used itemized deductions.

One of the major provisions of the 1986 Act that was **not** effected for 1987 was the increase in the standard deduction. The slight increase in the standard deduction for 1987 from \$2,480 to \$2,540 for a single taxpayer (\$3,670 to \$3,760 for joint returns) was about the same as the increase in the previous zero bracket amount (replaced for 1987 by the standard deduction) would have been under indexing mandated under prior law. (See next section on Standard Deduction for definition of standard deduction and zero bracket amount.) However, for taxpayers 65 or over or those who were blind, significantly increased standard deductions were instituted for 1987. Some taxpayers may have found the larger standard deduction more advantageous than itemizing. Figure G shows itemized deductions for both 1986 and 1987.

Medical and Dental Expenses.—For 1987 the deduction for medical and dental expenses was limited to expenses in excess of 7.5 percent of adjusted gross income, whereas for 1986 the threshold was 5 percent. There was a

Figure G.—Selected Itemized Deductions, Tax Years 1986 and 1987

(Number of returns are in thousands, money amounts are in millions of dollars)

Itemized deduction	1986 deduction		1987 deduction		Percentage change of deduction
	Number of returns	Amount	Number of returns	Amount	
	(1)	(2)	(3)	(4)	(5)
Total.....	40,667	\$447,058	35,512	\$383,917	- 14.1%
Medical and dental expense	10,542	25,112	5,312	16,974	- 32.4
Taxes paid.....	40,420	143,446	34,772	118,152	- 17.6
Sales tax.....	38,962	20,790	—	—	- 100.0
Interest paid.....	37,261	196,566	33,008	174,356	- 11.3
Home mortgage	29,003	125,782	27,886	134,621	+ 7.0
Contributions.....	36,714	53,816	32,172	49,26	- 8.5
Net casualty or theft loss	244	1,331	218	1,388	+ 4.3
Moving expense	—	—	963	3,711	+ 100.0
Miscellaneous deductions	33,454	26,787	9,086	20,075	- 25.1

decrease in the medical and dental expense deduction of about one-third, and the number of returns reporting it declined by almost one-half, from 10.5 to 5.3 million returns.

Taxes Paid.—Beginning for Tax Year 1987, State and local sales taxes could no longer be taken as an itemized deduction. Figure G shows that the total taxes paid deduction dropped by 17.6 percent, at least partly as a result. The number of returns on which the tax-paid deduction was claimed was down by 13.9 percent.

Other types of taxes paid that continued to be deducted for 1987 were individual State and local income taxes, real estate taxes, certain personal property taxes, and foreign income taxes. The decline in the amount of the deduction for taxes paid may also have been related to the increased use of the standard deduction.

Interest Paid.—The interest paid deduction decreased by more than \$22 billion from 1986 to 1987. There were two major modifications in the law that caused most of this decline: the "personal" interest deduction and the mortgage interest deduction were both modified. Only 65 percent of personal interest, i.e., credit card interest, revolving charge account interest, and interest on bank loans, was deductible for 1987, whereas for 1986 all of it was deductible.

For 1987, the mortgage interest deduction was limited to the amounts paid on a "qualified" principal and second residence, and to the interest associated with debt no greater than the cost of the residence plus improvements and mortgage loans taken to pay for qualified medical and educational expenses [9]. These limits applied to debt that was assumed after August 16, 1986. If the mortgage debt, as of August 16, exceeded the taxpayer's previous "cost basis," then this greater amount became the basis for calculating the loan limits of the amount of deductible interest on the residence.

Notwithstanding these limitations, the home mortgage interest increased by 7 percent for 1987.

Charitable Contributions.—For 1987, charitable contributions were deductible as an itemized deduction only. For 1986, they could also be deducted by taxpayers who did not itemize their deductions, even on short forms 1040A or 1040EZ. Thus, for 1987, taxpayers, who did not itemize, could no longer claim the deduction. Also, because of the higher standard deduction for 1987 (especially for the elderly), some taxpayers, who itemized previously may have found it more advantageous to claim the standard deduction for 1987. The deduction declined by 8.5 percent, and the total number of taxpayers claiming it fell by 12.4 percent.

A comparison of charitable contributions for 1986 and 1987 can also be made by including the amounts that were claimed by nonitemizers for 1986 (see Figure H). On this basis, the number claiming any charitable contributions fell by 50.3 percent, and the amount fell by 26.6 percent.

Moving Expense.—Moving expenses became an itemized deduction for 1987, instead of an adjustment to income as they were for 1986 (see Statutory Adjustments). Almost 1 million taxpayers claimed these expenses as an itemized deduction, but this was considerably fewer than the 1.8 million that claimed them for 1986 as a statutory adjustment. The amount of the deduction was \$3.7 billion compared to the \$4.6 billion claimed in 1986.

Miscellaneous Itemized Deductions.—For 1987, there were two tiers of "miscellaneous" itemized deductions. The first tier applied to those expense items that were fully deductible. Some of these included gambling losses (limited to gains), impairment-related work expenses for handicapped people, and amortizable bond premiums.

The second tier was for expenses that were subject to a new 2 percent AGI floor, such as unreimbursed employee business expenses (previously discussed under Statutory Adjustments) and those expenses of producing income which are not deductible in computing AGI.

Figure H.—Charitable Contributions Deduction, Tax Years 1986 and 1987

(Number of returns are in thousands, money amounts are in millions of dollars)

Item	1986		1987	
	Number of returns	Amount	Number of returns	Amount
	(1)	(2)	(3)	(4)
Total charitable contributions deduction...	64,755	\$67,094	32,172	\$49,261
Contributions deduction for itemizers.....	36,714	53,816	32,172	49,261
Contributions deduction for nonitemizers.....	28,041	13,278	—	—

The new Act also put additional restrictions on employee business expense claims for meals, entertainment, and travel.

- **Meals and Entertainment.**—Tax reform modified how meals and entertainment expenses were handled. First, only 80 percent of the cost of qualified meals or entertainment was deductible, whereas for 1986, the full cost was deductible.

Second, the cost of a business meal could be deducted only if the meal were *directly related* to the *active conduct* of the taxpayer's business (even to the extent that conducting business must be the principal aspect of the combined business and entertainment) where previously the rule was that meals or entertainment must be related to the taxpayer's business and conducted in an atmosphere conducive to business discussions.

And third, any unreimbursed expense could be deducted only as a "miscellaneous" itemized deduction, not as a statutory adjustment to income.

- **Travel Expenses.**—Expenses for travel used as a form of education and investment seminar expenses were no longer deductible, and the deduction for travel by cruise ship was limited for 1987. Previously, these expenses had been fully deductible. For example, under pre-tax reform law, taxpayers who attended conventions, seminars, or meetings could deduct expenses for registration fees, transportation costs, meals, and lodging expenses if such meetings were connected with their income-producing activities or investments. Under tax reform, such seminars or meetings must offer significant business related activities and participation for the taxpayer.

Total miscellaneous deductions decreased by 25 percent, and the number of returns claiming an amount for them dropped by more than 75 percent.

Standard Deduction

For 1987, the "zero bracket amount" (i.e., income "taxed" at a rate of zero percent), or ZBA, that was in effect since 1977, was replaced by a standard deduction. Unlike the ZBA, the "new" standard deduction was not incorporated into the tax tables and tax rate schedules, but instead, had to be specifically deducted in computing taxable income. For 1987, taxpayers subtracted the larger of the standard deduction or total itemized deductions. Figure I shows a comparison of the 1987 standard deductions and the equivalent 1986 zero bracket amounts [10].

Under the 1986 Act, the basic standard deduction was supplemented by additional deductions for taxpayers age

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percent, instead of from 11 percent to 50 percent as for 1986 [13]. The 1987 rate schedules were the first step in a two-step phase in of lower tax rates which was to be completed for Tax Year 1988 [14]. For 1987, the 60-percent exclusion for net long-term capital gains was eliminated; but, as already noted, under a special provision for 1987 only, net long-term gains were taxed at a maximum rate of 28 percent.

Income Averaging

Income averaging was repealed for 1987. Previously, a taxpayer could reduce his or her income tax in peak income years by averaging income over a 4-year period [15].

Tax Credits

On 1987 tax returns, the total amount of tax credits claimed was \$6.1 billion, or 13.0 percent less than for 1986. The decrease was considerably less than the 31.5 percent decline from 1985 to 1986. The repeal of the investment tax credit had been the major contributor to the 1986 reduction. Figure K shows the major tax credits, together with income tax before and after credits, for both 1986 and 1987. Income tax before credits increased by 2.3 percent (from \$368 billion to \$376 billion) with income tax after credits increasing by 2.6 percent (from \$361 billion to \$370 billion).

Earned Income Credit.—The Tax Reform Act increased the rate of and base for the earned income credit. For 1987, the credit was 14 percent of the first \$6,075 of an eligible individual's "earned" income. But, if earnings or AGI exceeded \$6,920, the credit was reduced by 10 percent of such excess so that at income levels exceeding \$15,432, the credit was completely eliminated. For 1987, the maximum credit of \$851 compared to \$550 for 1986. Under

prior law, the earned income credit generally equaled 11 percent of the first \$5,000 of earned income, and it was completely phased out at \$11,000 [16].

Primarily as a result of these changes, the 1987 earned income credit nearly doubled from \$2.0 billion to \$3.9 billion, with an increase in the number of returns with an earned income credit rising from 6.3 million to 8.8 million.

For statistical purposes, the earned income credit has been divided into three categories. The first two categories were 1) used to offset income tax before credits (where \$328 million was claimed for 1986 and \$647 million for 1987), and 2) used to offset all other taxes (\$201 million for 1986 and \$351 million for 1987). The third category of the credit consisted of a refundable portion that individuals could receive whether or not they paid taxes (\$1.5 billion for 1986 and \$2.9 billion for 1987).

Credit for the Elderly or the Permanently and Totally Disabled.—The number of returns from taxpayers claiming the credit for the elderly or the permanently and totally disabled fell from 430,000 to 352,000, about 18 percent. The total amount of the credit claimed fell 23.3 percent, from \$86 million to \$66 million (see Figure K). Part of this reduction could have been caused by a reduced amount of income tax before credits in the group that is eligible to claim the credit.

Child Care Credit.—Growth of the child care credit, by far the largest credit for both Tax Years 1986 and 1987, slowed considerably. For 1985, the amount of child care credit claimed was \$3.1 billion, up 18.2 percent from 1984; for 1986 the amount was \$3.4 billion, an increase of 8.5 percent; for 1987 the amount was 3.5 billion, a rise of only 1.5 percent. For 1987, the credit was claimed on 5 percent fewer returns than for 1986.

Figure K.—Selected Tax Credits, Tax Years 1986 and 1987

[Returns are in thousands, amounts are in millions of dollars]

Tax credit	1986		1987		Percentage change in credits
	Number of returns	Amount	Number of returns	Amount	
	(1)	(2)	(3)	(4)	(5)
Taxable income	97,358	\$1,947,025	90,077	\$1,858,714	-4.5%
Income tax before credits	86,601	367,592	89,753	376,132	+2.3
Total credits ¹	16,859	7,021	12,890	6,108	-13.0
Child care credit	8,950	3,397	8,528	3,449	+1.5
Earned income credit ²	2,507	328	3,735	647	+97.3
Credit for the elderly or disabled	430	86	352	66	-23.3
Political contributions credit	4,605	242	—	—	-100.0
Foreign tax credit	424	774	546	962	+24.3
General business credit	680	1,116	485	922	-17.4
Income tax after credits	83,898	360,571	86,732	370,024	+2.6
Alternative minimum tax	609	6,713	114	1,234	-81.6
Total income tax	83,967	367,287	86,750	371,258	+1.1

¹ The sum of the listed credits does not equal total credits because "other credits" are not listed and, in some cases, credits reported on prior year returns were not shown separately, but were included in the 1987 total.

² Represents the portion of the earned income credit that was used to offset income tax before credits. Additional earned income credit amounts were used to offset other taxes and some amounts were paid directly to the taxpayer.

General Business Credit.—The 1986 Tax Act, phased out, with certain exceptions, the investment credit (included in the general business credit) beginning with 1986. Thus, most depreciable business property placed in service after 1985 was not eligible for the investment credit, although taxpayers were allowed to claim “unused” credits carried over from 1985 and earlier years on their 1986 tax returns. For 1987, the law reduced the amount of unused credits that could be claimed by about 17.5 percent [17].

Political Contributions Credit.—The political contributions credit was repealed for 1987. Previously, a partial credit against tax had been allowed for 50 percent of the first \$50 (\$100 for a joint return) of political contributions.

Total Credits.—For 1987, the number of returns claiming any tax credits declined by 4.0 million, or 23.5 percent. This may have been partly due to the elimination of the political contributions credit. Of the 4.6 million taxpayers who claimed the political contributions credit for 1986, 3.8 million claimed no other credits.

Alternative Minimum Tax (AMT)

For 1987, the alternative minimum tax was revised in an attempt to insure that taxpayers with substantial economic income could not avoid a significant tax liability. To achieve this the method of calculating the “alternative minimum taxable income” (AMTI) was changed.

For 1987, the starting point for the calculation was taxable income. Taxpayers had to increase their regular taxable income by the amount of their “tax preferences” and add back certain exclusions or deductions allowed in calculating taxable income on the Form 1040. For 1986, the starting point had been adjusted gross income. AGI was reduced by the deductions that were not considered preferential, and increased by tax preferences. In addition, the AMT rate was increased from 20 percent of the AMTI in excess of an exemption amount for 1986 to 21 percent of such income for 1987. For both years, AMT was the excess of tax computed at these rates over the income tax (after credits) computed at the regular rates on taxable income and reduced by the foreign tax credit.

The AMT exemption for single (joint) filers of \$30,000 (\$40,000) was phased out above certain levels of AMTI. For single (joint) filers, the phase out began at \$112,500 (\$150,000) and ended at \$232,500 (\$310,000).

Because of other changes in the law described above, there were changes to the list of AMT adjustments and tax preference items. Since many exclusions were eliminated, they were no longer considered a tax preference. The most important of these was the 60-percent capital gains exclu-

sion. The principal addition to the list of tax preferences for 1987 was “passive losses,” already described.

Total Income Tax

Total income tax (the sum of income tax after credits and the alternative minimum tax) increased by 1.1 percent. This reflected the offsetting effect of many of the 1986 Act changes, including lower tax rates applied to a broader tax base.

RECOMPUTED TOTAL INCOME

As already discussed, the Tax Reform Act of 1986 altered the size and composition of AGI between 1986 and 1987. Thus, 1986 AGI cannot be compared meaningfully with AGI for 1987. In order to illustrate the effects of tax reform, a **recomputed total income** has been developed to provide comparable income data for Tax Years 1986 and 1987. By adding back the income exclusions for 1986, and disallowed passive losses for 1987, recomputed total income provided a standardized income concept for the two years. Figure L shows how recomputed total income was calculated.

The size of AGI in various years is normally used as a key indicator of income change. Comparisons, however, are not meaningful when the definition of AGI changes as it did for 1987. Between 1986 and 1987, AGI increased by 12.3 percent—a sizable increase. However, when the recomputed total income concept is used so that income data are on a comparable basis, the increase is only 1 percent, from \$2,781 billion to \$2,808 billion.

For 1987, the two income concepts produce very similar results—the increase in income by adding back statutory adjustments was partially offset in some cases by deducting passive losses that were not allowed under the 1987 tax law. By income size class, the number of returns, income, and tax also remained similar under both income concepts (see Figure M) [18].

Figure L.—Computation of Recomputed Total Income, Tax Years 1986 and 1987

[Money amounts are in million of dollars]

Income items	1986	1987	Percentage change
	(1)	(2)	(3)
Adjusted gross income	\$2,481,681	\$2,788,011	+ 12.3%
PLUS:			
Statutory adjustments.....	99,008	29,565	- 70.1
Dividend exclusion.....	2,006	—	- 100.0
Capital gains exclusion	191,290	—	- 100.0
Unemployment compensation exclusion.....	7,160	—	- 100.0
LESS:			
Disallowed passive losses.....	—	9,827	+ 100.0
EQUALS:			
Recomputed total income.....	2,781,145	2,807,749	+ 1.0

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Figure M.—Number of Returns, Adjusted Gross Income (AGI), Recomputed Total Income (RTI), and Total Income Tax by Size of Adjusted Gross Income and Recomputed Total Income, Tax Years 1986 and 1987

[Number of returns in thousands, money amounts in millions of dollars]

Tax Year, Income and tax	Total	Size of Income									
		Under \$1	\$1 under \$10,000	\$10,000 under \$20,000	\$20,000 under \$30,000	\$30,000 under \$50,000	\$50,000 under \$100,000	\$100,000 under \$200,000	\$200,000 under \$500,000	\$500,000 under \$1,000,000	\$1,000,000 or more
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)
Adjusted Gross Income (AGI)											
Tax Year 1987:											
Number of returns	107,070	891	32,641	25,259	16,556	19,471	10,187	1,520	432	77	36
AGI	\$2,788,011	\$-28,837	\$160,348	\$370,836	\$408,807	\$753,062	\$659,485	\$201,210	\$123,965	\$51,939	\$87,196
Total income tax	\$371,258	\$73	\$4,606	\$25,064	\$38,425	\$84,212	\$101,292	\$43,632	\$33,203	\$15,261	\$25,491
Tax as a percentage of AGI	13.3%	(¹)	2.9%	6.8%	9.4%	11.2%	15.4%	21.7%	26.8%	29.4%	29.2%
Tax Year 1986:											
Number of returns	103,045	958	31,898	24,996	16,780	18,948	7,975	1,116	291	52	32
AGI	\$2,481,681	\$-42,443	\$162,418	\$367,099	\$414,425	\$730,372	\$513,758	\$146,974	\$82,841	\$33,670	\$72,565
Total income tax	\$367,287	\$308	\$4,899	\$28,779	\$43,734	\$94,373	\$88,741	\$37,289	\$27,067	\$12,928	\$29,169
Tax as a percentage of AGI	14.8%	(¹)	3.0%	7.8%	10.6%	12.9%	17.3%	25.4%	32.7%	38.4%	40.2%
Recomputed Total Income (RTI)											
Tax Year 1987:											
Number of returns	107,070	897	32,470	25,100	16,462	19,708	10,323	1,559	438	77	36
RTI	\$2,807,749	\$-30,379	\$159,389	\$368,486	\$406,909	\$764,237	\$668,623	\$206,504	\$125,601	\$51,871	\$86,511
Total income tax	\$371,258	\$150	\$4,582	\$24,651	\$37,720	\$84,297	\$101,553	\$44,183	\$33,452	\$15,281	\$25,390
Tax as a percentage of RTI	13.2%	(¹)	2.9%	6.7%	9.3%	11.0%	15.2%	21.4%	26.6%	29.5%	29.3%
Tax Year 1986:											
Number of returns	103,045	845	30,726	24,651	16,326	18,987	9,416	1,525	434	80	55
RTI	\$2,781,145	\$-36,324	\$157,469	\$361,813	\$403,895	\$733,669	\$612,901	\$203,788	\$125,952	\$53,785	\$164,196
Total income tax	\$367,287	\$17	\$4,520	\$27,020	\$39,982	\$86,800	\$91,193	\$39,096	\$29,499	\$13,482	\$35,679
Tax as a percentage of RTI	13.2%	(¹)	2.9%	7.5%	9.9%	11.8%	14.9%	19.2%	23.4%	25.1%	21.7%

¹ Less than 0.05 percent

For 1986, however, a comparison of the recomputed income and AGI data shows large differences in income and in tax as a percentage of income for all taxpayers, and even bigger differences for the various income classes. For 1986, recomputed total income was 12.1 percent higher than AGI. Moreover, under recomputed total income, more taxpayers are in higher income classes. For example, the number of taxpayers with incomes of \$1 million or more rose from 32,000 to 55,000, a 72 percent increase. Incomes for the \$1 million or more class rose even more dramatically, by 126 percent. For the \$1 million or more class alone, nearly \$92 billion was excluded for 1986 that would have been subject to tax for 1987. These differences are largely due to adding back the 60 percent of net capital gains that were excluded from AGI for 1986.

Since 1986 was an unusual year, with a 77 percent increase in capital gain realizations over 1985, it is possible that the dramatic increase from 1986 to 1987 in tax as a percentage of income for the highest income class (from 21.7 to 29.3) would not have been as great from 1985 to 1987 [19].

Using recomputed total income as a measure, total income tax as a percentage of income remained unchanged at 13.2 percent, but there were significant differ-

ences for some income classes. Overall, income classes under \$50,000 showed a lower effective tax rate for 1987 and those classes over \$50,000 showed a higher effective rate. The greatest difference was for the \$1 million or more class where the tax rate increased, as already noted, from 21.7 to 29.3 percent.

Figure N shows income tax as a percentage of **AGI** by income class for 1986 and 1987. For 1987, average tax rates were lower for all AGI classes. Figure O shows similar information with data based on **recomputed total income**. Using recomputed total income, Figure O indicates that for 1986 higher income classes had a considerably lower average tax rate than they did for 1987.

SUMMARY

Initial results of the Tax Reform Act of 1986 indicate that the major changes in the tax law were, in fact, reflected in reduced amounts of tax preferences claimed, a reduction in tax rates for lower income taxpayers, and an increase in effective tax rates for the highest income taxpayers.

Many of the components of income and taxes changed more dramatically than they had for years, reflecting the extent of the 1986 tax law overhaul. For example, adjusted

Figure N.
Income Tax As a Percentage of Adjusted Gross Income,
Tax Years 1986 and 1987

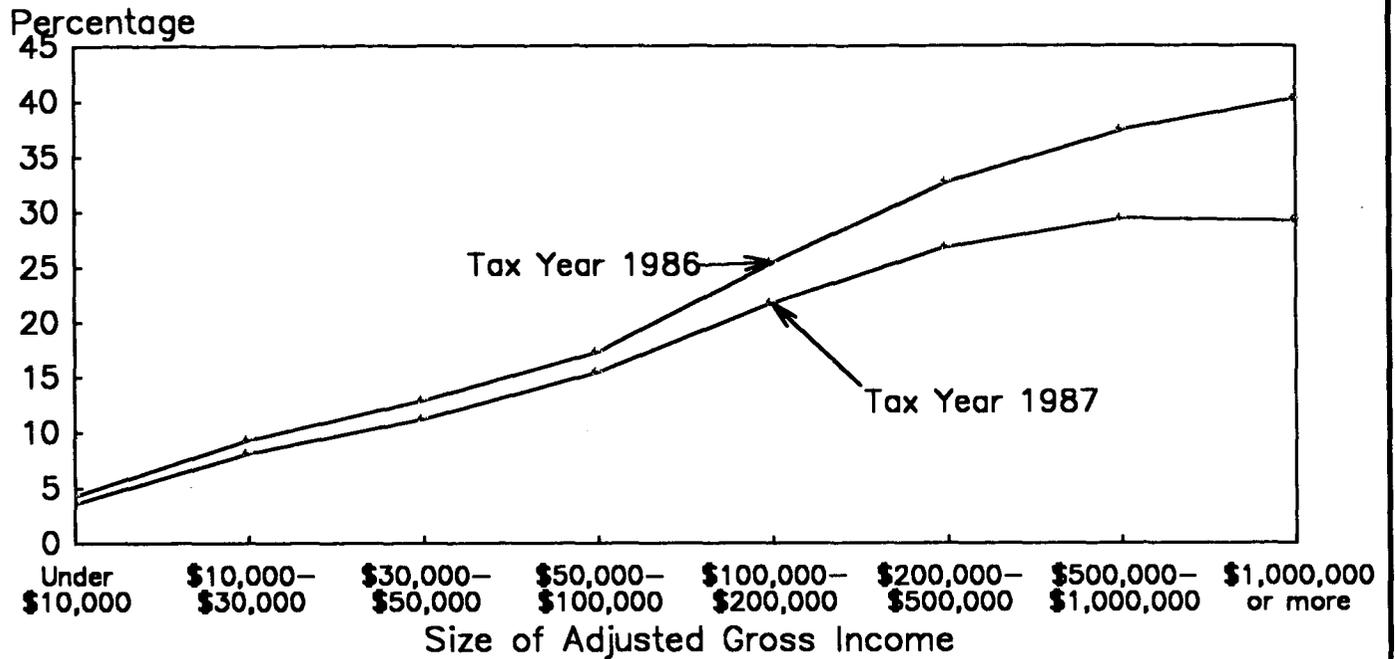
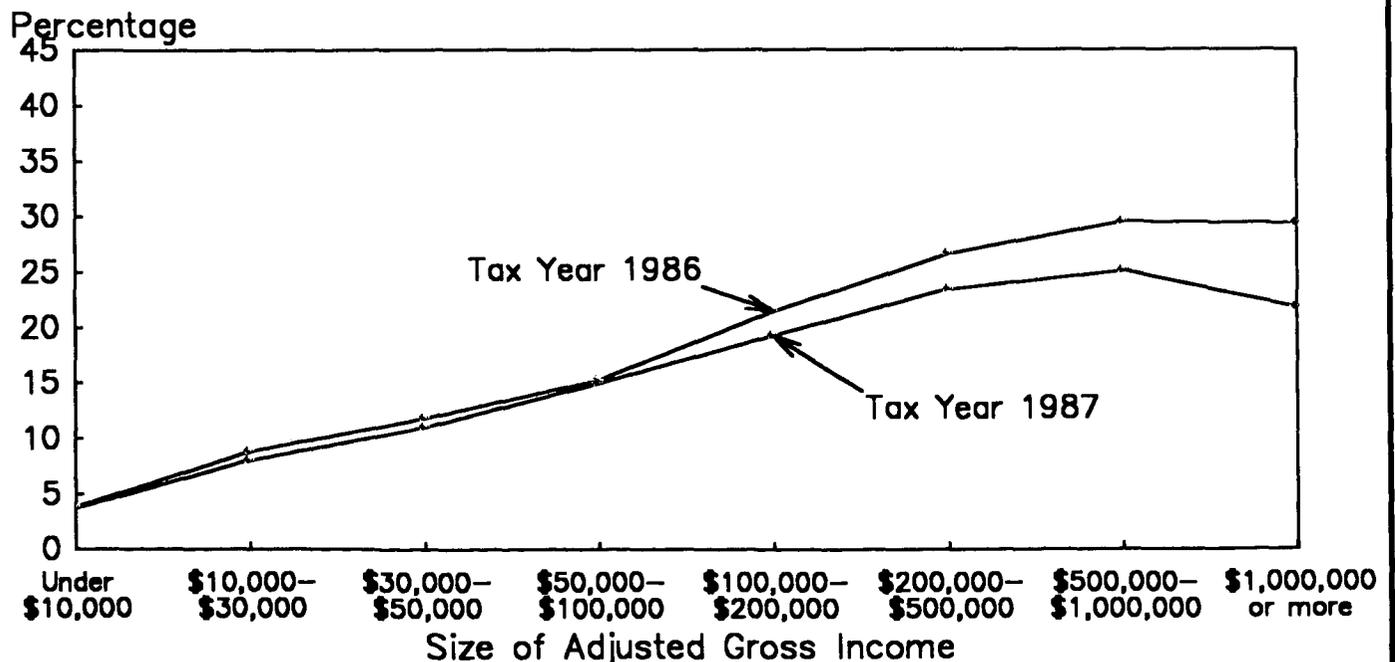


Figure O.
Income Tax As a Percentage of Recomputed Total Income,
Tax Years 1986 and 1987



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gross income increased 12.3 percent, mainly because of the inclusion of income such as capital gains, dividends, and unemployment compensation which were partially excludable for 1986. Income, when computed more consistently for 1986 and 1987, increased by only 1.1 percent. Total income tax increased by only 1.1 percent. The changes from 1986 to 1987 should be considered cautiously in view of the 1986 "spike" in capital gains activity that was primarily due to taxpayers' anticipation of the elimination of the 60-percent exclusion.

DATA SOURCES AND LIMITATIONS

These preliminary statistics are based on a sample of individual income tax returns (Forms 1040, 1040A, and 1040EZ) filed in 1988. Returns in the sample were stratified based on the presence or absence of Schedule C, Profit (or Loss) from Business or Profession; Schedule F, Farm Income and Expenses; the larger of "total income" or "total loss"; and the size of business plus farm receipts. These returns were selected at rates ranging from 0.03 percent to 100 percent. There were 108,183 returns in the 1987 preliminary sample estimating a total population of 107,106,845. The corresponding sample size and population for the preliminary 1986 data were 74,985 and 103,299,845, respectively. Sample size and population for the final 1986 data referenced in this article were 89,165 and 103,423,606, respectively.

Because the data presented here are estimates based on a sample of returns filed, they are subject to sampling error. To properly use the statistical data provided, the magnitude of the potential sampling error must be known. Coefficients of variation (CV's) are used to measure that magnitude.

Approximate coefficients of variation (CV's) for frequency estimates are presented in Figure P. These approximate CV's shown are intended only as a general indication of the reliability of the data. For a number other than those shown, the corresponding CV's can be estimated by interpolation. The reliability of estimates based on samples, and the use of coefficients of variation for evaluating the precision of estimates based on samples, are discussed in the Appendix.

Basic tables presented in this article are based on adjusted gross income (AGI) concepts, but because the

Figure P.—Estimated Number of Returns for Selected Coefficients of Variation, Tax Year 1987

Number of returns	Approximate coefficient of variation
30,293,000	0.01
7,573,300	0.02
1,211,700	0.05
302,900	0.10
75,700	0.20
33,700	0.30
24,700	0.35
12,100	0.50

1987 concept was revised substantially by tax reform, data for 1986 and 1987 may not be comparable. In addition, nonsampling errors in these 1987 tax statistics are potentially greater than usual. During a year of major change in forms, reporting methods, and changes in the law, taxpayers are much more likely to make reporting errors. Returns used in these statistics are pre-audit, and would, therefore, include such taxpayer reporting errors if they occurred.

While these preliminary estimates are intended to represent a full year of taxpayer reporting, they are actually based on returns processed between January and late September 1987. In general, those returns processed after September (which are sampled for use in the revised estimates for the year) tend to have somewhat different characteristics from those filed earlier. Compared to other returns, the characteristics of these later returns include higher income, a larger proportion of investment income (such as from capital gains), a higher average tax liability, and a larger proportion of such other items as the alternative minimum tax.

Figure Q provides a comparison of 1986 preliminary and final data. Figure Q shows, for example, that certain items, such as AGI and salaries and wages, which are reported on most returns, changed little between preliminary and final data. This contrasts with other items, such as net gain from sales of capital assets, which tend to be understated in all preliminary estimates.

Figure Q.— Comparison of Preliminary and Final Data, Tax Year 1986

(Millions of dollars)

Item	1986 preliminary data	1986 final data	Difference, 1986 preliminary and final data	Percentage difference, 1986 preliminary and final data
	(1)	(2)	(3)	(4)
Adjusted gross income	\$2,522,517	\$2,481,681	\$ -40,836	-1.62%
Salaries and wages	2,046,135	2,031,026	-15,109	-0.74
Sales of capital assets net gain less loss (after exclusion)	129,933	132,842	2,909	2.24
Total itemized deductions ..	446,542	447,058	516	0.12
Interest paid deduction	194,451	196,566	2,115	1.09
Total tax credits	7,655	7,021	-634	-8.28
Additional tax for tax preferences	6,115	6,716	601	9.83
Total income tax	377,051	367,287	-9,764	-2.59

NOTES AND REFERENCES

- [1] **Gross Income** is all income from whatever source derived. This is reduced by income items that are specifically excluded (either completely or partially) for income tax purposes, and by excludable portions of income items reported on Form 1040 to arrive at **total income**. Total income is reduced by statutory adjustments to arrive at **adjusted gross income**. For more

complete definitions see Explanation of Terms, Section 4 of *Statistics of Income—1985, Individual Income Tax Returns*.

- [2] For prior use of the recomputed total income concept see Weber, Michael E., "Individual Income Tax Returns for 1987: Selected Characteristics from the Taxpayer Usage Study," *Statistics of Income Bulletin*, Summer 1988, Volume 8, Number 1. Similar conclusions on income and tax were presented in this earlier article.
- [3] In general, capital assets for tax purposes included all property held for personal use or investment. Realizations of capital gains represent sales and certain other taxable dispositions. Net capital gains represents net long-term gains less net short-term losses before the exclusion (for 1986 and earlier years before the exclusion was repealed). See Sales of Capital Assets Net Gain or Loss (plus other related definitions) in Explanation of Terms, Section 4 of *Statistics of Income—1986, Individual Income Tax Returns*.
- [4] Clark, Bobby and Paris, David, "Sales of Capital Assets, 1981 and 1982," *Statistics of Income Bulletin*, Winter 1985-86, Volume 5, Number 3, and a forthcoming article, Holik, Dan, Labate, John, and Hostetter, Susan, "Sales of Capital Assets, 1985," *Statistics of Income and Related Administrative Research, 1988-1989*, Department of Treasury, Internal Revenue Service.
- [5] Zempel, Alan, "Partnership Returns, 1986," *Statistics of Income Bulletin*, Summer 1988, Volume 8, Number 1.
- [6] Nelson, Susan, "Taxes Paid by High-Income Taxpayers and the Growth of Partnerships," *Statistics of Income Bulletin*, Fall 1985, Volume 5, Number 2, and a forthcoming article, Nelson, Susan and Petska, Tom, "Partnerships, Passive Losses, and Tax Reform," *Statistics of Income and Related Administrative Research, 1988-1989*, Department of Treasury, Internal Revenue Service.
- [7] The amount of the allowable deduction for IRA contributions depended on the following criteria:
- Full Deduction:* IRA contributions up to \$2,000 a year (\$2,250 for a spousal IRA) were fully deductible if the taxpayer (or spouse) did not belong to a company-funded retirement plan or, if the taxpayer (or spouse) did belong to a company retirement plan and his or her adjusted gross income was less than \$25,000 (less than \$40,000, if taxpayer and spouse filed jointly).
- Partial Deduction:* The maximum amount of the allowable deduction for the IRA contribution was phased out (in some cases permitting a partial deduction) for taxpayers with adjusted gross income from \$25,000 to \$35,000 (\$40,000 to \$50,000, if taxpayer and spouse filed jointly) when a taxpayer (or spouse) belonged to a company retirement plan.
- No Deduction:* IRA contributions were not deductible for those taxpayers with company retirement plans and adjusted gross incomes greater than \$35,000 (\$50,000 for joint returns).
- [8] The "marriage penalty" is the difference between the tax reported on a joint return when both spouses work and the combined amount of tax for the same two persons assuming that they are not married and each is taxed as a single person. If the two persons each have about the same amount of income, taxes after marriage may increase, providing a "marriage penalty." The two-earner marriage deduction was an attempt to reduce the marriage penalty. For other taxpayers, especially where one has most or all of the income, marriage may reduce combined taxes, providing a "marriage bonus." In some cases, the two-earner deduction may have increased such bonuses, or may have turned penalties into bonuses.
- [9] The mortgage interest deduction could not be claimed for third homes.
- [10] The allowable standard deductions shown in Figure I for 1987 were to increase significantly for 1988 and then be indexed for inflation for subsequent years:
- [11] Further increases in the size of personal exemptions were also specified in the Act for 1988 and 1989, after which exemptions were to be indexed annually for inflation.
- [12] In addition to changing the criteria for claiming dependents, the 1986 Act required the inclusion of social security numbers for dependents over age 5 who were claimed on 1987 tax returns. The purpose of the requirement was to eliminate improperly claimed exemptions.
- [13] For 1987, tax rates and brackets were specified by statute. Unlike 1986 tax rate schedules, they were not the result of automatic indexing for the effects of inflation.
- [14] Beginning for 1988, there will be only two rates (15 and 28 percent), plus an additional rate of 33 percent produced by the phaseout of certain benefits. For Tax Year 1989 and thereafter, the 1988 tax rate structure will be indexed.

Individual Income Tax Returns, Preliminary Data, 1987

- [15] For a definition and description of how income averaging could be used, see Explanation of Terms, Section 4 of *Statistics of Income—1986, Individual Income Tax Returns*.
- [16] Beginning with 1988 the earned income credit was to be adjusted for inflation, but also beginning for 1988 there was a permanent increase in the phase out income range.
- [17] The 1986 Act further reduced, by 35 percent, the amount of unused investment credit that could be claimed for 1988.
- [18] Recomputed total income was calculated for each individual return, and returns were reclassified by income class on the basis of the recomputed total income.
- [19] Comparisons of individual tax return data based on income concepts that provide comparable data among years with changes in the law will be presented in *Statistics of Income—1987, Individual Tax Returns* which will be available in November, 1989.
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Table 1.—All Returns: Selected Income, Adjustments, Deductions, and Tax Items, by Size of Adjusted Gross Income
 [All figures are estimates based on samples—money amounts are in thousands of dollars]

Size of adjusted gross income	Number of returns	Adjusted gross income less deficit (AGI)	Salaries and wages		Taxable interest		Tax-exempt interest ¹		Dividends	
			Number of returns	Amount	Number of returns	Amount	Number of returns	Amount	Number of returns	Amount
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
All returns, total	107,070,087	2,788,010,987	91,166,342	2,169,144,134	68,010,179	163,981,254	3,239,808	30,967,469	22,264,019	66,441,562
No adjusted gross income	890,857	-28,836,564	290,122	4,739,436	473,384	2,215,680	29,549	627,097	202,333	665,873
\$1 under \$1,000	2,833,204	1,732,778	1,868,706	1,817,811	1,174,357	488,626	25,832	52,385	266,750	113,258
\$1,000 under \$2,000	3,695,589	5,542,603	2,996,732	4,774,990	1,449,873	821,321	*11,681	*9,135	314,074	189,284
\$2,000 under \$3,000	3,727,701	9,318,781	3,159,863	7,781,710	1,519,535	976,317	*9,200	*60,608	316,565	227,907
\$3,000 under \$4,000	3,351,531	11,718,781	2,787,457	9,414,863	1,463,641	1,316,294	18,547	42,172	283,088	232,456
\$4,000 under \$5,000	3,326,784	14,950,996	2,699,125	11,324,140	1,425,119	1,485,073	19,067	34,693	289,329	285,901
\$5,000 under \$6,000	3,304,245	18,171,692	2,611,456	13,290,467	1,526,268	2,199,085	16,783	34,006	306,089	326,243
\$6,000 under \$7,000	3,108,631	20,188,128	2,401,670	14,743,265	1,442,370	2,431,945	*15,674	*165,025	336,984	328,565
\$7,000 under \$8,000	3,216,840	24,109,430	2,517,647	17,488,781	1,482,747	2,433,814	21,738	60,197	300,784	345,643
\$8,000 under \$9,000	3,092,614	26,325,425	2,402,693	18,873,181	1,416,685	2,789,472	28,050	75,673	364,628	439,600
\$9,000 under \$10,000	2,983,749	28,289,872	2,387,365	20,720,874	1,373,573	2,600,481	24,062	35,274	368,583	570,556
\$10,000 under \$11,000	2,972,786	31,180,858	2,313,508	22,537,545	1,503,084	3,142,572	31,651	57,859	314,792	496,062
\$11,000 under \$12,000	2,821,431	32,444,165	2,219,299	23,797,050	1,439,898	3,027,763	26,348	156,187	341,744	628,256
\$12,000 under \$13,000	2,766,136	34,587,054	2,235,236	25,649,108	1,485,047	3,224,568	25,390	103,880	349,988	674,859
\$13,000 under \$14,000	2,735,739	36,908,429	2,250,013	28,177,624	1,451,281	3,088,131	43,033	74,218	368,957	797,643
\$14,000 under \$15,000	2,567,210	37,224,005	2,160,782	28,805,118	1,448,760	2,991,741	32,886	124,971	354,546	616,655
\$15,000 under \$16,000	2,504,029	38,782,479	2,129,179	30,958,191	1,380,658	2,848,616	27,561	56,801	302,807	615,621
\$16,000 under \$17,000	2,284,511	37,693,343	1,944,000	29,586,833	1,295,407	2,804,749	35,997	134,084	376,845	771,054
\$17,000 under \$18,000	2,292,159	40,096,934	1,949,321	31,649,810	1,283,766	3,037,124	29,288	124,683	347,386	702,285
\$18,000 under \$19,000	2,195,306	40,598,839	1,884,382	32,641,465	1,324,909	2,863,790	29,374	100,071	341,772	791,491
\$19,000 under \$20,000	2,119,390	41,320,290	1,840,894	33,189,476	1,281,007	2,494,527	44,352	91,893	371,813	736,872
\$20,000 under \$25,000	9,062,033	203,260,969	8,124,327	168,911,459	5,963,728	10,690,522	196,638	1,134,476	1,597,851	3,093,095
\$25,000 under \$30,000	7,494,234	205,545,681	6,841,474	173,895,781	5,440,296	9,853,003	203,020	1,347,967	1,609,735	2,964,877
\$30,000 under \$40,000	11,605,168	402,546,332	10,718,642	343,322,159	9,406,216	17,245,920	397,479	2,090,703	3,121,496	5,749,082
\$40,000 under \$50,000	7,865,984	350,515,258	7,319,170	298,356,833	6,938,260	14,280,586	336,942	1,647,468	2,611,492	5,187,496
\$50,000 under \$75,000	8,144,059	485,721,579	7,563,804	403,520,514	7,611,320	20,616,382	670,031	5,442,321	3,701,294	9,568,809
\$75,000 under \$100,000	2,043,299	173,763,280	1,837,455	131,166,093	1,979,981	9,159,069	310,740	2,504,521	1,267,558	5,275,601
\$100,000 under \$200,000	1,519,691	201,210,047	1,265,578	124,683,684	1,489,079	13,780,309	361,307	4,693,075	1,079,146	9,004,964
\$200,000 under \$500,000	431,787	123,964,730	353,835	67,665,952	427,064	8,851,930	159,786	4,544,160	355,290	6,682,194
\$500,000 under \$1,000,000	77,091	51,938,773	62,774	24,357,216	76,664	3,879,940	37,364	2,481,527	67,348	3,070,365
\$1,000,000 or more	36,299	87,196,022	29,833	21,302,705	36,202	6,341,903	20,438	2,860,338	32,952	5,288,996
Taxable returns, total	86,750,436	2,706,583,316	75,580,339	2,084,859,528	60,590,345	150,306,053	3,075,360	29,214,302	20,509,884	63,479,502
Nontaxable returns, total	20,319,651	81,427,671	15,586,003	84,284,606	7,419,834	13,675,200	164,448	1,753,166	1,754,135	2,962,061

Footnote(s) at end of table.

Table 1.—All Returns: Selected Income, Adjustments, Deductions, and Tax Items, by Size of Adjusted Gross Income

[All figures are estimates based on samples—money amounts are in thousands of dollars]

Size of adjusted gross income	State income tax refunds		Alimony received		Business or profession net income less loss		Capital gains net gain less loss		Other gains or losses	
	Number of returns	Amount	Number of returns	Amount	Number of returns	Amount	Number of returns	Amount	Number of returns	Amount
	(11)	(12)	(13)	(14)	(15)	(16)	(17)	(18)	(19)	(20)
All returns, total	23,312,840	11,136,661	477,642	3,110,247	12,937,456	103,929,657	15,257,762	133,482,635	1,723,044	753,010
No adjusted gross income	113,978	130,586	*3,142	*7,372	394,546	-3,868,437	231,268	2,482,541	112,297	-1,172,092
\$1 under \$1,000	34,890	3,123	*3,753	*3,385	187,094	82,624	141,010	69,987	*10,402	*-33,400
\$1,000 under \$2,000	22,530	4,961	—	—	174,353	154,822	177,958	46,532	*2,023	*-3,288
\$2,000 under \$3,000	48,006	12,415	*1,839	*552	238,479	168,040	174,714	37,547	*11,457	*10,793
\$3,000 under \$4,000	66,415	15,079	*7,357	*12,553	256,361	500,477	184,942	98,403	*8,931	*-32,142
\$4,000 under \$5,000	68,799	22,789	*9,199	*28,609	240,113	586,349	166,437	94,719	24,287	-54,807
\$5,000 under \$6,000	87,711	20,679	18,621	73,895	245,121	647,466	194,046	263,217	26,152	-30,849
\$6,000 under \$7,000	123,237	25,434	*14,938	*65,586	285,188	894,315	197,617	119,961	19,643	75,928
\$7,000 under \$8,000	141,118	28,728	*7,359	*28,074	279,677	943,822	189,492	225,500	19,138	-277
\$8,000 under \$9,000	140,822	47,375	*14,862	*65,017	278,587	1,222,978	224,709	335,145	*14,719	*27,293
\$9,000 under \$10,000	134,194	28,388	*11,039	*47,372	266,044	1,246,287	226,812	318,970	33,191	54,585
\$10,000 under \$11,000	171,792	36,130	*16,708	*77,802	308,185	1,329,404	212,551	258,043	20,726	-71,898
\$11,000 under \$12,000	178,256	39,627	*7,432	*19,696	264,470	1,288,277	249,064	303,123	30,283	33,050
\$12,000 under \$13,000	230,200	56,453	20,312	97,020	280,255	1,193,851	260,070	324,713	39,956	-3,230
\$13,000 under \$14,000	226,079	53,598	*14,720	*33,654	238,833	1,107,148	257,581	361,012	29,213	456
\$14,000 under \$15,000	236,375	76,354	*14,790	*46,727	269,791	1,317,821	230,123	350,813	17,487	43,143
\$15,000 under \$16,000	230,432	53,889	22,151	91,678	227,366	904,308	187,231	370,512	21,914	4,402
\$16,000 under \$17,000	261,580	76,371	*11,040	*24,527	191,871	943,690	244,002	356,830	18,687	-20,494
\$17,000 under \$18,000	281,383	87,663	*12,951	*79,001	235,213	1,200,377	244,859	445,630	*13,242	*-12,027
\$18,000 under \$19,000	344,366	99,642	*14,791	*49,496	232,395	1,132,355	226,499	312,858	26,207	-5,482
\$19,000 under \$20,000	359,945	89,917	18,472	65,138	207,789	978,447	214,562	420,812	18,697	-18,450
\$20,000 under \$25,000	1,933,463	558,202	55,037	322,594	1,153,907	7,222,668	1,115,240	1,792,833	126,424	-40,202
\$25,000 under \$30,000	2,275,763	672,749	49,024	276,881	1,043,363	6,274,509	1,000,885	2,268,896	129,022	261,459
\$30,000 under \$40,000	4,714,776	1,663,527	54,176	485,218	1,724,906	11,081,127	2,005,641	4,452,084	232,012	135,264
\$40,000 under \$50,000	4,070,232	1,541,809	28,528	309,248	1,212,962	9,768,602	1,619,135	4,786,440	139,161	145,110
\$50,000 under \$75,000	4,572,615	2,343,863	29,488	327,855	1,444,786	17,599,301	2,554,832	11,761,785	232,966	370,896
\$75,000 under \$100,000	1,136,677	883,856	9,332	234,505	456,739	9,879,569	1,046,806	8,887,793	110,688	208,680
\$100,000 under \$200,000	813,314	1,058,775	5,188	105,992	443,540	17,388,751	1,026,055	21,631,159	133,729	296,240
\$200,000 under \$500,000	230,754	686,290	1,183	103,899	121,576	7,361,244	350,246	21,603,341	73,093	364,333
\$500,000 under \$1,000,000	41,884	290,368	133	1,003	22,463	1,844,562	69,370	12,553,777	17,178	150,273
\$1,000,000 or more	21,254	428,021	77	25,897	11,483	1,534,903	34,005	36,147,659	10,119	69,543
Taxable returns, total	22,248,047	10,703,616	417,885	2,851,601	10,275,321	100,840,303	13,905,874	128,943,069	1,379,229	2,106,048
Nontaxable returns, total	1,064,793	433,045	59,757	258,646	2,662,135	3,089,354	1,351,888	4,539,566	343,815	-1,353,036

Footnote(s) at end of table.

Table 1.—All Returns: Selected Income, Adjustments, Deductions, and Tax Items, by Size of Adjusted Gross Income

[All figures are estimates based on samples—money amounts are in thousands of dollars]

Size of adjusted gross income	Pensions and annuities in adjusted gross income		Rents and royalties net income less loss		Partnership and S Corporation net income less loss		Farm net income less loss		Unemployment compensation in adjusted gross income	
	Number of returns	Amount	Number of returns	Amount	Number of returns	Amount	Number of returns	Amount	Number of returns	Amount
	(21)	(22)	(23)	(24)	(25)	(26)	(27)	(28)	(29)	(30)
All returns, total	16,565,268	125,352,013	9,704,968	- 9,082,135	5,270,769	32,074,878	2,425,970	- 769,887	7,422,952	12,324,306
No adjusted gross income	54,349	452,339	195,826	- 1,952,460	167,597	- 9,175,025	151,142	- 2,011,874	15,930	31,748
\$1 under \$1,000	31,495	60,862	37,915	- 135,314	32,928	- 46,816	24,173	3,894	* 12,954	* 6,252
\$1,000 under \$2,000	54,143	84,095	40,195	- 68,638	24,893	- 111,540	26,539	- 48,676	55,417	45,852
\$2,000 under \$3,000	154,554	255,586	86,740	- 53,420	28,721	3,978	36,439	- 16,440	85,656	101,519
\$3,000 under \$4,000	191,591	383,196	125,154	- 191,841	41,567	28,667	* 19,585	* - 37,001	117,081	168,435
\$4,000 under \$5,000	293,580	830,894	117,985	59,907	35,914	43,232	70,123	51,223	188,937	258,853
\$5,000 under \$6,000	409,152	1,228,911	152,646	- 31,519	39,502	- 25,568	43,365	57,700	189,843	270,922
\$6,000 under \$7,000	431,159	1,533,024	165,518	- 96,151	38,218	- 124,128	60,880	- 14,011	195,531	294,808
\$7,000 under \$8,000	528,683	2,213,996	137,519	39,938	51,642	24,216	58,656	29,609	273,027	403,980
\$8,000 under \$9,000	506,202	2,408,152	172,800	6,325	48,990	- 6,449	67,234	13,180	266,032	351,385
\$9,000 under \$10,000	494,632	2,461,867	154,080	- 19,215	49,974	- 70,354	48,772	32,189	263,821	432,467
\$10,000 under \$11,000	527,211	2,857,608	161,374	34,629	58,678	32,492	58,855	64,841	208,035	383,503
\$11,000 under \$12,000	534,052	3,199,486	141,482	- 50,728	48,726	- 28,475	46,054	- 78,733	241,013	400,476
\$12,000 under \$13,000	502,854	3,132,362	168,121	12,115	63,682	39,631	47,855	- 49,765	208,031	348,404
\$13,000 under \$14,000	474,034	2,991,923	185,610	- 65,285	62,189	151,884	65,225	- 34,084	209,179	365,411
\$14,000 under \$15,000	443,128	2,750,200	169,315	- 269,345	50,535	39,108	51,194	74,759	212,417	376,385
\$15,000 under \$16,000	416,663	3,036,626	156,904	- 99,593	46,636	3,407	46,910	- 89,229	223,130	407,964
\$16,000 under \$17,000	415,263	3,068,833	155,092	- 105,341	67,186	55,262	22,782	- 45,964	210,696	380,975
\$17,000 under \$18,000	374,068	2,969,160	146,183	- 84,660	41,044	- 9,269	48,319	- 24,562	174,122	310,669
\$18,000 under \$19,000	349,004	2,768,088	148,699	- 247,899	65,642	- 32,624	49,802	- 129,957	187,960	324,341
\$19,000 under \$20,000	379,023	3,123,555	162,563	- 114,119	66,055	140,682	51,602	21,568	162,771	270,517
\$20,000 under \$25,000	1,388,153	11,124,190	785,927	- 1,088,128	329,456	384,027	234,948	255,878	761,745	1,303,570
\$25,000 under \$30,000	1,238,626	9,584,932	711,007	- 956,993	267,601	211,221	216,507	- 256,745	765,100	1,390,199
\$30,000 under \$40,000	2,058,068	17,194,144	1,290,812	- 2,045,474	573,554	1,234,711	335,579	563,260	1,097,548	1,834,191
\$40,000 under \$50,000	1,618,911	14,175,749	1,037,576	- 1,440,740	543,731	846,478	201,210	417,274	570,353	963,071
\$50,000 under \$75,000	1,800,122	17,396,131	1,504,442	- 3,227,774	902,621	2,427,555	189,941	719,150	436,840	714,961
\$75,000 under \$100,000	459,116	6,081,596	559,509	- 453,647	482,234	2,160,678	63,604	415,825	65,460	120,424
\$100,000 under \$200,000	330,519	5,227,271	564,587	645,304	659,714	7,862,771	58,088	- 70,939	21,601	56,581
\$200,000 under \$500,000	86,013	1,881,510	208,088	1,332,059	291,101	7,633,476	22,399	- 296,448	2,302	5,290
\$500,000 under \$1,000,000	14,166	475,809	40,677	729,346	59,928	4,389,941	5,189	- 126,687	327	939
\$1,000,000 or more	6,734	399,919	20,622	856,526	30,510	13,991,708	2,999	- 159,124	93	212
Taxable returns, total	14,376,933	116,767,210	8,370,567	- 6,170,269	4,730,104	41,189,747	1,796,382	1,224,894	6,124,060	10,370,693
Nontaxable returns, total	2,188,335	8,584,803	1,334,401	- 2,911,866	540,665	- 8,114,868	629,588	- 1,994,780	1,298,892	1,953,613

Footnote(s) at end of table.

Individual Returns/1987

Table 1.—All Returns: Selected Income, Adjustments, Deductions, and Tax Items, by Size of Adjusted Gross Income

[All figures are estimates based on samples—money amounts are in thousands of dollars]

Size of adjusted gross income	Social security benefits in AGI		Statutory adjustments							
			Total		Employee business expense		Payments to an Individual Retirement Arrangement		Payments to a Keogh plan	
	Number of returns	Amount	Number of returns	Amount	Number of returns	Amount	Number of returns	Amount	Number of returns	Amount
	(31)	(32)	(33)	(34)	(35)	(36)	(37)	(38)	(39)	(40)
All returns, total.....	3,661,680	12,641,286	11,559,265	29,565,013	1,420,644	4,046,686	7,351,364	14,146,118	745,675	5,920,984
No adjusted gross income.....	2,622	8,818	56,007	255,619	943	34,689	13,701	34,301	1,830	10,035
\$1 under \$1,000.....	—	—	30,704	60,000	*5,741	*32,347	*5,519	*7,697	*106	*2,115
\$1,000 under \$2,000.....	*1,840	*2,789	24,290	24,655	*1,839	*1,471	*14,942	*21,889	—	—
\$2,000 under \$3,000.....	—	—	57,071	71,060	*3,679	*12,190	25,094	37,256	*1,840	*767
\$3,000 under \$4,000.....	*1,839	*5,263	60,884	54,553	*3,889	*2,047	21,231	31,044	—	—
\$4,000 under \$5,000.....	—	—	68,026	85,565	*11,111	*29,536	21,956	30,593	—	—
\$5,000 under \$6,000.....	—	—	112,386	150,926	*7,433	*31,984	50,392	84,929	—	—
\$6,000 under \$7,000.....	*3,679	*9,103	92,746	130,000	*13,172	*42,151	37,311	61,157	—	—
\$7,000 under \$8,000.....	*1,914	*4,959	141,150	240,073	*13,249	*82,917	74,989	117,337	*1,914	*96
\$8,000 under \$9,000.....	*3,680	*4,646	139,012	196,131	14,265	30,471	78,684	130,428	—	—
\$9,000 under \$10,000.....	*1,840	*6,048	128,251	166,538	*5,593	*13,578	70,933	113,218	*447	*336
\$10,000 under \$11,000.....	—	—	157,306	215,238	*11,189	*18,067	103,819	176,696	—	—
\$11,000 under \$12,000.....	—	—	184,421	223,987	23,130	40,383	92,411	159,352	*3,753	*6,607
\$12,000 under \$13,000.....	*1,840	*2,248	176,160	273,665	*9,494	*14,266	114,169	210,629	—	—
\$13,000 under \$14,000.....	*1,840	*2,789	197,706	318,757	*10,346	*18,288	134,750	235,285	*3,891	*2,195
\$14,000 under \$15,000.....	*3,680	*9,130	193,813	284,118	*11,112	*29,051	112,596	176,456	*8,095	*16,370
\$15,000 under \$16,000.....	*1,839	*2,729	173,280	279,876	*13,169	*41,211	114,313	210,610	*465	*3,348
\$16,000 under \$17,000.....	*1,840	*15,340	172,920	287,583	*8,388	*32,891	108,468	194,124	*1,839	*311
\$17,000 under \$18,000.....	*5,594	*7,802	218,464	407,305	24,575	82,632	143,639	255,286	*2,866	*5,339
\$18,000 under \$19,000.....	*13,322	*14,155	230,297	386,675	*13,161	*22,937	169,195	290,264	*5,517	*11,050
\$19,000 under \$20,000.....	*9,199	*8,440	218,375	413,549	25,103	52,155	142,947	286,213	*1,914	*4,292
\$20,000 under \$25,000.....	184,495	199,892	1,243,258	2,301,284	113,304	258,950	916,120	1,627,107	32,429	85,429
\$25,000 under \$30,000.....	431,802	700,385	1,254,291	2,402,034	118,523	312,294	958,008	1,704,385	32,642	79,330
\$30,000 under \$40,000.....	1,024,259	2,688,741	2,292,476	4,894,650	270,433	727,208	1,720,577	3,397,756	65,230	223,128
\$40,000 under \$50,000.....	703,080	2,839,163	1,658,726	3,284,646	225,598	536,520	1,168,300	1,893,643	79,670	316,950
\$50,000 under \$75,000.....	727,667	3,275,667	1,205,494	3,888,903	291,501	812,823	517,194	1,400,598	175,104	841,658
\$75,000 under \$100,000.....	203,851	1,020,284	432,127	2,166,033	81,848	331,419	184,133	558,624	99,905	779,194
\$100,000 under \$200,000.....	232,474	1,227,128	464,911	3,636,904	69,770	266,145	174,151	518,104	160,833	2,091,638
\$200,000 under \$500,000.....	76,380	448,503	140,314	1,827,472	15,496	91,947	49,888	147,230	53,545	1,113,609
\$500,000 under \$1,000,000.....	14,153	92,002	22,566	381,100	2,754	30,163	7,990	22,474	7,966	201,904
\$1,000,000 or more.....	6,951	45,260	10,833	256,115	836	13,954	3,944	11,436	3,874	125,285
Taxable returns, total.....	3,625,797	12,529,854	10,813,811	28,261,678	1,347,081	3,723,199	7,085,952	13,678,962	731,092	5,884,134
Non-taxable returns, total.....	35,883	111,432	745,454	1,303,336	73,563	323,486	265,412	467,156	14,583	36,850

Footnote(s) at end of table.

Table 1.—All Returns: Selected Income, Adjustments, Deductions, and Tax Items, by Size of Adjusted Gross Income

[All figures are estimates based on samples—money amounts are in thousands of dollars]

Size of adjusted gross income	Statutory adjustments— continued		Exemptions		Basic standard deduction		Additional standard deduction		Returns with itemized deductions	
	Alimony paid								Total itemized deductions	
	Number of returns	Amount	Number of exemptions	Amount	Number of returns	Amount	Number of returns	Amount	Number of returns	Amount
	(41)	(42)	(43)	(44)	(45)	(46)	(47)	(48)	(49)	(50)
All returns, total	569,728	3,721,690	217,529,986	409,384,854	69,451,089	204,379,998	10,185,297	9,067,259	35,512,119	383,917,222
No adjusted gross income	9,047	94,844	1,725,381	3,034,752	—	—	—	—	—	—
\$1 under \$1,000	*2,793	*16,149	1,661,364	3,074,556	2,742,379	3,911,818	100,182	80,867	20,081	114,769
\$1,000 under \$2,000	—	—	2,371,777	4,424,206	3,598,241	6,712,977	114,067	97,019	40,237	252,798
\$2,000 under \$3,000	—	—	3,104,132	5,751,522	3,570,260	8,746,870	226,811	191,864	47,056	389,289
\$3,000 under \$4,000	—	—	3,058,106	5,717,836	3,219,129	8,431,915	275,794	227,680	63,254	467,507
\$4,000 under \$5,000	*1,840	*8,854	3,827,221	7,150,884	3,185,634	8,584,420	344,623	282,653	71,601	412,852
\$5,000 under \$6,000	*3,716	*19,208	4,254,454	7,984,013	3,156,408	8,832,171	534,184	455,058	96,289	673,609
\$6,000 under \$7,000	—	—	4,548,134	8,543,247	2,891,872	8,245,218	519,006	442,365	167,823	1,300,731
\$7,000 under \$8,000	*9,347	*26,084	4,891,279	9,172,197	2,984,883	8,706,010	575,201	490,059	178,227	1,124,608
\$8,000 under \$9,000	*3,678	*20,781	5,026,274	9,423,336	2,839,361	8,479,012	582,706	513,781	190,784	1,306,690
\$9,000 under \$10,000	*9,345	*22,793	4,942,824	9,284,482	2,706,882	8,043,621	505,871	447,157	215,123	1,697,151
\$10,000 under \$11,000	—	—	5,360,168	10,054,257	2,694,196	8,247,366	543,578	492,916	228,817	1,553,479
\$11,000 under \$12,000	*1,840	*442	4,924,256	9,245,610	2,518,481	7,562,100	480,781	426,428	255,697	1,750,965
\$12,000 under \$13,000	*9,273	*31,786	4,965,197	9,315,630	2,404,706	7,388,701	462,786	420,499	314,985	2,125,794
\$13,000 under \$14,000	*7,807	*32,167	5,116,921	9,608,011	2,351,421	7,193,486	411,613	366,666	350,979	2,155,528
\$14,000 under \$15,000	*5,583	*33,083	4,910,983	9,240,494	2,176,490	6,737,779	375,028	331,107	364,814	2,414,895
\$15,000 under \$16,000	*3,680	*12,181	4,969,613	9,329,573	2,089,205	6,477,808	322,830	308,067	375,295	2,422,486
\$16,000 under \$17,000	*7,500	*40,030	4,398,043	8,250,760	1,857,322	5,773,287	309,338	281,107	388,725	2,339,923
\$17,000 under \$18,000	*12,948	*41,850	4,659,609	8,725,616	1,820,489	5,723,604	303,282	281,473	435,094	2,990,325
\$18,000 under \$19,000	*7,500	*18,971	4,561,274	8,590,459	1,698,932	5,324,994	272,592	252,534	475,149	3,092,011
\$19,000 under \$20,000	*13,912	*53,748	4,443,162	8,366,253	1,558,779	4,967,500	226,002	198,948	538,012	3,588,250
\$20,000 under \$25,000	43,905	180,832	20,104,458	37,930,191	6,118,332	19,946,689	808,142	737,853	2,878,107	19,090,213
\$25,000 under \$30,000	42,304	166,701	18,333,883	34,596,064	4,159,231	14,115,199	508,015	455,623	3,280,941	22,752,662
\$30,000 under \$40,000	75,851	309,204	31,403,759	59,294,243	4,392,858	15,675,225	622,982	571,139	7,159,569	56,295,125
\$40,000 under \$50,000	77,384	340,240	23,132,773	43,630,466	1,659,520	6,328,876	364,993	340,893	6,187,060	57,823,261
\$50,000 under \$75,000	99,169	606,086	24,477,990	46,314,406	863,747	3,425,236	289,514	270,917	7,275,319	86,384,826
\$75,000 under \$100,000	42,050	385,807	6,177,743	11,676,608	112,791	465,793	57,298	54,521	1,929,263	32,614,832
\$100,000 under \$200,000	52,632	644,808	4,559,983	8,592,433	68,547	287,448	41,059	41,086	1,449,786	37,761,172
\$200,000 under \$500,000	20,667	393,576	1,292,875	2,446,444	9,069	37,002	5,781	5,719	422,597	20,108,267
\$500,000 under \$1,000,000	3,650	120,788	224,041	423,258	1,545	6,430	1,063	1,088	75,538	7,312,726
\$1,000,000 or more	2,307	100,678	102,309	193,048	379	1,444	175	174	35,897	11,600,478
Taxable returns, total	540,777	3,502,772	177,900,387	335,259,968	52,082,985	155,126,375	7,666,357	6,784,678	33,845,055	363,483,003
Nontaxable returns, total	28,951	218,918	39,629,599	74,124,886	17,368,104	49,253,624	2,518,940	2,282,581	1,667,064	20,434,219

Footnote(s) at end of table.

Table 1.—All Returns: Selected Income, Adjustments, Deductions, and Tax Items, by Size of Adjusted Gross Income

[All figures are estimates based on samples—money amounts are in thousands of dollars]

Size of adjusted gross income	Returns with itemized deductions—continued									
	Medical and dental expense deduction		Taxes paid deduction		Interest paid deduction		Contributions deduction		Casualty or theft loss deduction	
	Number of returns	Amount	Number of returns	Amount	Number of returns	Amount	Number of returns	Amount	Number of returns	Amount
	(51)	(52)	(53)	(54)	(55)	(56)	(57)	(58)	(59)	(60)
All returns, total.....	5,311,692	16,974,201	34,771,754	118,151,666	33,008,243	174,356,122	32,171,820	49,260,909	218,232	1,387,927
No adjusted gross income.....	—	—	—	—	—	—	—	—	—	—
\$1 under \$1,000.....	15,247	39,805	14,918	11,494	16,886	46,661	15,790	2,432	*569	*2,187
\$1,000 under \$2,000.....	20,816	57,455	31,760	43,569	29,819	124,094	22,744	8,977	—	—
\$2,000 under \$3,000.....	32,634	117,676	32,262	81,476	36,016	157,431	28,469	10,565	—	—
\$3,000 under \$4,000.....	43,172	147,973	51,259	47,561	48,534	225,658	46,862	32,080	—	—
\$4,000 under \$5,000.....	45,012	109,951	62,328	72,484	53,053	166,071	48,263	30,714	*5,520	*7,402
\$5,000 under \$6,000.....	60,384	275,404	81,013	86,142	64,721	204,080	77,742	56,047	*1,840	*3,698
\$6,000 under \$7,000.....	121,756	621,138	143,832	160,271	111,870	324,390	112,402	116,542	*1,840	*294
\$7,000 under \$8,000.....	98,971	334,811	146,043	173,702	132,968	450,887	122,126	119,849	—	—
\$8,000 under \$9,000.....	127,943	583,938	165,181	175,320	129,027	363,134	144,564	108,486	*1,914	*11,796
\$9,000 under \$10,000.....	120,555	690,091	182,301	210,062	167,728	607,854	148,953	120,602	—	—
\$10,000 under \$11,000.....	130,772	528,099	202,033	208,478	167,146	497,262	178,340	154,673	—	—
\$11,000 under \$12,000.....	167,473	633,750	235,322	258,001	194,741	593,573	194,103	152,192	*5,594	*45,844
\$12,000 under \$13,000.....	148,522	661,270	292,759	334,322	257,802	757,691	251,110	206,106	*3,754	*4,458
\$13,000 under \$14,000.....	142,938	405,639	331,912	387,801	281,141	869,890	291,845	323,269	*1,839	*1,528
\$14,000 under \$15,000.....	176,649	540,423	342,145	399,266	313,534	1,012,492	293,617	273,446	*7,358	*22,405
\$15,000 under \$16,000.....	133,883	407,942	360,577	420,786	336,978	1,063,778	294,411	295,575	*7,898	*41,599
\$16,000 under \$17,000.....	137,448	296,136	373,857	430,328	355,529	1,163,698	325,995	279,504	*3,754	*8,518
\$17,000 under \$18,000.....	165,640	461,812	418,977	527,007	377,459	1,338,966	353,954	348,297	*7,359	*113,156
\$18,000 under \$19,000.....	188,010	381,312	460,188	708,648	425,571	1,413,702	395,155	388,286	*1,914	*117
\$19,000 under \$20,000.....	186,561	632,161	516,819	716,739	488,643	1,600,860	462,150	453,369	*1,913	*4,253
\$20,000 under \$25,000.....	718,964	1,726,106	2,796,495	4,346,267	2,650,373	9,230,241	2,508,178	2,250,037	31,293	161,723
\$25,000 under \$30,000.....	631,218	1,341,536	3,215,521	5,844,883	3,086,076	11,125,311	2,909,596	2,738,576	20,115	54,569
\$30,000 under \$40,000.....	815,780	1,878,845	7,042,022	15,774,272	6,788,225	28,458,090	6,496,304	6,529,717	35,509	107,399
\$40,000 under \$50,000.....	429,404	1,306,748	6,136,680	17,226,353	5,946,606	29,305,239	5,728,069	6,473,318	34,237	309,198
\$50,000 under \$75,000.....	328,315	1,318,037	7,235,249	27,582,641	6,944,804	41,607,867	6,933,098	10,051,833	37,184	302,768
\$75,000 under \$100,000.....	76,273	556,209	1,925,442	10,945,015	1,812,465	14,892,798	1,867,661	3,987,354	*2,149	*41,806
\$100,000 under \$200,000.....	39,857	654,332	1,443,375	13,222,822	1,316,637	15,749,809	1,399,393	5,494,381	3,844	46,664
\$200,000 under \$500,000.....	6,846	238,712	420,497	8,507,820	376,373	6,914,527	412,440	3,431,359	700	65,313
\$500,000 under \$1,000,000.....	567	21,586	75,229	3,529,288	65,943	1,864,741	73,379	1,547,953	123	28,604
\$1,000,000 or more.....	82	5,304	35,758	5,718,847	31,575	2,225,326	35,107	3,275,371	21	2,627
Taxable returns, total.....	4,302,963	10,121,855	33,331,880	115,586,616	31,712,190	166,573,038	30,945,115	47,842,723	183,052	719,943
Nontaxable returns, total.....	1,008,729	6,852,346	1,439,874	2,565,050	1,296,053	7,783,084	1,226,705	1,418,186	35,180	667,983

Footnote(s) at end of table.

Table 1.—All Returns: Selected Income, Adjustments, Deductions, and Tax Items, by Size of Adjusted Gross Income

[All figures are estimates based on samples—money amounts are in thousands of dollars]

Size of adjusted gross income	Returns with itemized deductions—continued						Taxable income		Income tax before credits	
	Moving expense deduction		Miscellaneous deductions subject to AGI limitation		Other miscellaneous deductions		Number of returns	Amount	Number of returns	Amount
	Number of returns	Amount	Number of returns	Amount	Number of returns	Amount				
(61)	(62)	(63)	(64)	(65)	(66)	(67)	(68)	(69)	(70)	
All returns, total	962,958	3,711,337	8,078,441	18,261,862	1,194,913	1,813,198	90,077,175	1,858,714,325	89,752,616	376,131,913
No adjusted gross income	—	—	—	—	—	—	—	—	*16	*359
\$1 under \$1,000	*569	*273	*7,709	*10,912	*1,914	*1,005	758,362	148,982	728,777	23,016
\$1,000 under \$2,000	—	—	*11,491	*18,702	*4	*1	1,070,851	490,880	1,000,423	72,965
\$2,000 under \$3,000	—	—	17,284	19,197	*1,840	*2,944	1,333,468	807,813	1,217,638	106,523
\$3,000 under \$4,000	—	—	*13,749	*4,202	*5,655	*10,032	1,346,973	1,568,887	1,313,710	180,427
\$4,000 under \$5,000	*1,840	*4,876	20,830	15,121	*4,709	*6,233	1,699,370	2,130,334	1,683,965	251,493
\$5,000 under \$6,000	*3,678	*16,785	25,688	29,550	*2,793	*1,903	2,134,491	3,513,783	2,119,624	444,595
\$6,000 under \$7,000	*2,376	*4,790	41,639	73,262	*1,904	*43	2,244,887	4,630,734	2,232,376	551,628
\$7,000 under \$8,000	—	—	39,166	39,361	*15,052	*5,998	2,404,777	6,796,940	2,391,094	838,968
\$8,000 under \$9,000	*1,914	*5,832	33,888	39,126	*3,745	*19,058	2,391,602	8,318,364	2,385,870	1,068,832
\$9,000 under \$10,000	*6,992	*10,073	42,612	56,057	*4,192	*2,412	2,429,266	10,093,122	2,428,238	1,319,272
\$10,000 under \$11,000	*11,113	*23,203	36,631	92,274	16,618	49,490	2,633,551	11,737,330	2,627,883	1,555,301
\$11,000 under \$12,000	*2,439	*7,858	34,970	54,918	14,218	4,829	2,611,924	14,090,344	2,610,010	1,903,457
\$12,000 under \$13,000	*9,274	*12,350	83,596	148,187	*3,828	*1,411	2,620,540	15,849,056	2,620,540	2,142,277
\$13,000 under \$14,000	15,931	23,631	82,080	135,949	*6,549	*7,820	2,621,250	17,981,477	2,619,337	2,458,535
\$14,000 under \$15,000	*1,840	*4,175	76,050	138,301	*13,101	*24,388	2,466,334	18,908,278	2,464,420	2,612,312
\$15,000 under \$16,000	*10,428	*43,286	91,567	141,673	*5,604	*7,847	2,447,750	20,619,820	2,447,750	2,889,967
\$16,000 under \$17,000	*5,079	*23,501	76,719	96,834	12,969	41,404	2,239,937	21,187,668	2,239,472	2,957,744
\$17,000 under \$18,000	*7,057	*15,188	98,700	128,561	21,984	57,338	2,254,141	22,636,351	2,254,141	3,166,221
\$18,000 under \$19,000	*1,914	*8,071	111,545	175,540	*16,553	*16,333	2,156,898	23,528,451	2,157,692	3,329,188
\$19,000 under \$20,000	*16,266	*23,146	124,180	140,538	21,491	17,185	2,090,173	24,397,822	2,090,173	3,472,670
\$20,000 under \$25,000	55,632	113,399	714,944	1,133,887	106,643	128,553	8,978,791	126,179,297	8,979,200	18,504,184
\$25,000 under \$30,000	107,669	273,100	782,103	1,274,239	109,379	100,447	7,472,109	133,956,935	7,471,155	20,795,962
\$30,000 under \$40,000	172,833	424,197	1,758,420	2,896,341	227,541	226,264	11,579,997	271,232,572	11,579,398	43,554,736
\$40,000 under \$50,000	139,711	472,815	1,370,130	2,508,382	217,758	221,208	7,853,830	243,010,676	7,853,830	41,950,351
\$50,000 under \$75,000	232,316	1,084,723	1,588,459	4,145,318	227,795	291,640	8,135,939	349,700,309	8,135,939	70,745,109
\$75,000 under \$100,000	73,837	460,779	417,252	1,605,932	62,997	124,939	2,041,853	129,094,333	2,041,853	31,374,219
\$100,000 under \$200,000	70,953	557,723	297,151	1,849,287	51,815	186,154	1,515,085	154,796,091	1,515,084	43,849,284
\$200,000 under \$500,000	9,795	81,303	67,481	723,395	12,344	145,838	430,099	101,521,303	430,084	33,178,486
\$500,000 under \$1,000,000	1,193	13,188	9,056	284,498	2,464	22,867	76,762	44,266,142	76,760	15,245,403
\$1,000,000 or more	309	3,073	3,351	282,319	1,454	87,612	36,165	75,520,229	36,164	25,588,427
Taxable returns, total	925,943	3,598,871	7,724,774	17,483,147	1,121,026	1,556,810	86,710,716	1,849,540,365	86,732,710	374,989,573
Nontaxable returns, total	37,015	112,467	353,667	778,715	73,887	256,388	3,366,459	9,173,960	3,019,906	1,142,340

Footnote(s) at end of table.

Individual Returns/1987

Table 1.—All Returns: Selected Income, Adjustments, Deductions, and Tax Items, by Size of Adjusted Gross Income

[All figures are estimates based on samples—money amounts are in thousands of dollars]

Size of adjusted gross income	Total tax credits		Income tax after credits		Alternative minimum tax		Total income tax		Total tax liability	
	Number of returns	Amount	Number of returns	Amount	Number of returns	Amount	Number of returns	Amount	Number of returns	Amount
	(71)	(72)	(73)	(74)	(75)	(76)	(77)	(78)	(79)	(80)
All returns, total.....	12,889,966	6,107,503	86,732,045	370,024,410	114,330	1,233,948	86,750,436	371,258,415	88,524,499	386,045,020
No adjusted gross income.....	*9	*255	*13	*104	3,841	72,369	3,860	72,528	154,962	253,052
\$1 under \$1,000.....	*1,786	*14	727,437	23,003	—	—	727,437	23,003	800,791	48,712
\$1,000 under \$2,000.....	*1,785	*42	1,000,423	72,923	—	—	1,000,423	72,923	1,119,056	99,544
\$2,000 under \$3,000.....	*1,785	*71	1,217,638	106,452	—	—	1,217,638	106,452	1,376,828	158,268
\$3,000 under \$4,000.....	*6,105	*324	1,309,389	180,103	—	—	1,309,389	180,103	1,476,193	257,264
\$4,000 under \$5,000.....	32,910	2,339	1,654,624	249,154	**	**	1,654,625	249,373	1,753,304	332,925
\$5,000 under \$6,000.....	50,065	3,437	2,073,183	441,158	**515	**9,454	2,073,697	450,392	2,152,512	547,035
\$6,000 under \$7,000.....	251,097	17,287	2,001,440	534,341	*785	*9,533	2,002,225	543,873	2,065,064	640,421
\$7,000 under \$8,000.....	322,519	48,726	2,092,509	790,243	*108	*721	2,092,617	790,963	2,199,007	910,662
\$8,000 under \$9,000.....	360,751	71,759	2,048,574	997,073	—	—	2,048,574	997,073	2,178,566	1,159,819
\$9,000 under \$10,000.....	458,411	127,155	2,019,664	1,192,117	**571	**67	2,019,664	1,192,182	2,117,430	1,351,390
\$10,000 under \$11,000.....	556,442	162,838	2,198,587	1,392,463	**	**	2,198,589	1,392,465	2,283,422	1,589,885
\$11,000 under \$12,000.....	561,982	186,347	2,226,968	1,717,109	**4	**374	2,226,968	1,717,129	2,309,276	1,898,187
\$12,000 under \$13,000.....	626,433	205,922	2,311,753	1,936,356	—	—	2,311,753	1,936,356	2,374,149	2,148,923
\$13,000 under \$14,000.....	675,573	201,814	2,453,975	2,256,721	**	**	2,453,977	2,257,075	2,507,274	2,452,412
\$14,000 under \$15,000.....	681,793	170,766	2,373,305	2,441,546	**508	**582	2,373,812	2,442,045	2,425,598	2,672,425
\$15,000 under \$16,000.....	404,146	105,147	2,412,014	2,784,820	**	**	2,412,015	2,784,902	2,426,020	2,949,969
\$16,000 under \$17,000.....	188,023	78,178	2,210,762	2,879,566	*446	*677	2,210,762	2,880,243	2,230,303	3,036,373
\$17,000 under \$18,000.....	238,539	105,392	2,223,993	3,060,829	—	—	2,223,993	3,060,829	2,243,924	3,266,587
\$18,000 under \$19,000.....	228,586	109,448	2,133,737	3,219,741	*553	*2,500	2,133,842	3,222,240	2,148,697	3,433,549
\$19,000 under \$20,000.....	206,718	102,390	2,070,392	3,370,280	*6	*142	2,070,398	3,370,422	2,092,243	3,583,593
\$20,000 under \$25,000.....	973,343	479,583	8,911,942	18,024,601	*5,168	*7,623	8,914,414	18,032,223	8,962,378	19,331,809
\$25,000 under \$30,000.....	983,712	413,953	7,445,641	20,382,009	3,376	10,896	7,446,271	20,392,905	7,464,151	21,516,587
\$30,000 under \$40,000.....	1,666,242	742,117	11,546,659	42,812,619	6,312	19,574	11,547,207	42,832,193	11,571,977	44,983,776
\$40,000 under \$50,000.....	1,301,690	595,379	7,839,369	41,354,972	5,195	24,605	7,842,302	41,379,577	7,851,542	43,151,633
\$50,000 under \$75,000.....	1,401,221	691,361	8,131,062	70,053,748	17,529	80,583	8,132,881	70,134,331	8,136,064	72,638,359
\$75,000 under \$100,000.....	346,211	291,454	2,040,170	31,082,765	13,674	75,218	2,040,738	31,157,983	2,042,047	32,220,282
\$100,000 under \$200,000.....	253,980	491,872	1,513,983	43,357,411	31,349	274,826	1,515,995	43,632,237	1,517,144	44,946,730
\$200,000 under \$500,000.....	77,938	291,327	429,950	32,887,160	19,030	315,498	431,138	33,202,657	431,304	33,580,827
\$500,000 under \$1,000,000.....	19,402	135,796	76,737	15,109,608	3,554	151,615	76,987	15,261,222	77,015	15,328,064
\$1,000,000 or more.....	10,769	275,008	36,152	25,313,419	1,806	177,094	36,245	25,490,513	36,258	25,555,959
Taxable returns, total.....	9,870,060	4,965,163	86,732,045	370,024,410	114,330	1,233,948	86,750,436	371,258,415	88,750,436	384,799,750
Nontaxable returns, total.....	3,019,906	1,142,340	—	—	—	—	—	—	1,774,063	1,245,271

* Estimate should be used with caution because of the small number of sample returns on which it is based.

** Data combined to avoid disclosure of information for specific taxpayers.

† Not included in adjusted gross income.

NOTE: Detail may not add to total because of rounding.

Individual Income Tax Rates, 1986

By John Labate and Dan Holik*

Tax Year 1986 marked the final year of individual income tax adjustments under the Economic Recovery Tax Act of 1981 (ERTA). Foremost among the changes under ERTA was a series of tax rate cuts, effective over the first 4 years of the Act, 1981–1984. For 1985 and 1986, the primary changes involved indexing for inflation; tax rate brackets, the standard deduction (or “zero bracket amount”), and personal exemption amounts were indexed to offset inflation as measured by the Consumer Price Index (CPI) [1,2]. The Tax Reform Act of 1986, which took effect in 1987, replaced ERTA by establishing new tax rates for 1987 and 1988, and indexing for succeeding years.

Figures A and B present summary tax statistics for 1980 and the subsequent 6 years of policy change under ERTA. Individual income tax totaled roughly \$367 billion for 1986, or 13 percent more than 1985. For returns that showed some tax liability, or “taxable returns,” the average income tax was \$4,374, an increase of more than \$443 from 1985. The average tax rate for taxable returns increased to 15.05 percent of adjusted gross income (AGI), the highest rate since 1982. (For further information on the number of returns, income tax, and average tax by size of AGI, see Table 3 of the Selected Statistical Series at the end of the Bulletin.)

TAX RATES FOR 1986

“Taxable income” was the base used to determine initial tax liability. For 1986, taxable income equalled AGI less the personal exemption amount, and less either allowable charitable contributions for non-itemizers or total allowable itemized deductions for all other taxpayers.

Taxes were calculated on taxable income according to tax rate schedules that varied with taxpayer filing status. There were separate rate schedules for single persons, married persons filing joint returns, married persons filing separate returns from their spouses, and heads of household [3]. The rates for each filing status ranged from 0 to 50 percent [4].

Taxpayers used one of two methods when figuring their initial tax liability. Depending on the amount and computation of taxable income, they used either the tax rate schedules or the tax tables to determine tax. The tax rate schedules had to be used by persons with taxable income of \$50,000 or more. The tax table simplified the calculation of tax for those with taxable income under \$50,000. Those who could use income averaging needed an additional income computation, and were required to use the tax rate schedules [5].

Although taxpayers used either the tax table or tax rate schedules to figure tax, the two methods could show slightly different results for the same taxable income amount. The amounts shown in the tax tables were based on the same computations as the tax rate schedules, but used the midpoints of broad “taxable income brackets” (generally \$50 wide) to derive tax. Each amount in the tax table was rounded to the nearest whole dollar. Figure C demonstrates the slightly different amounts of tax derived when both methods are used for a single taxpayer with a \$25,000 AGI, one exemption, no itemized deductions, and \$23,920 of taxable income.

Figure A.—Adjusted Gross Income, Total Income Tax, Average Tax Rate, and Average Total Income Tax, Tax Years 1980–1986

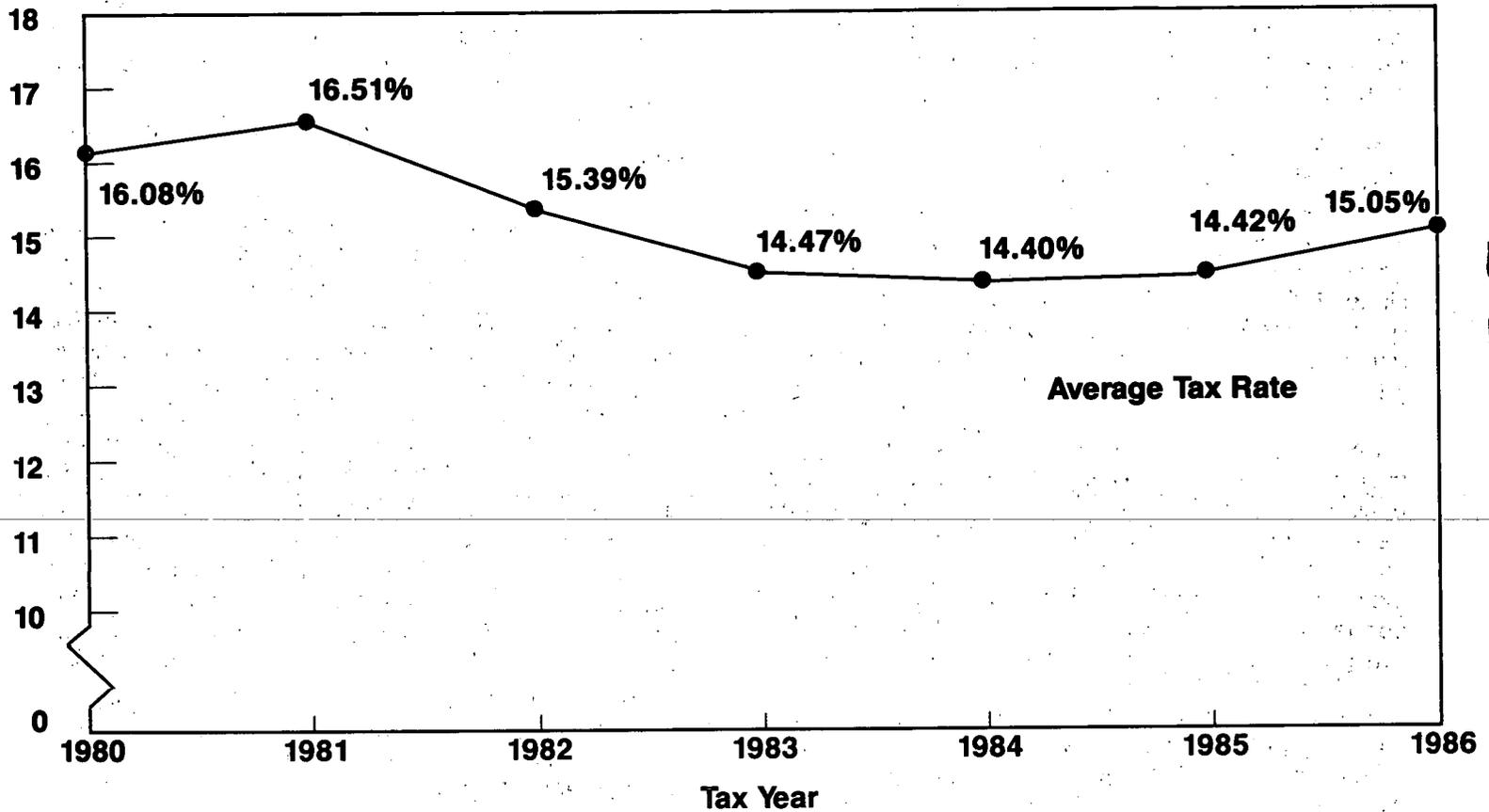
Tax year	Total number of returns	Taxable returns					
		Number of returns	Adjusted gross income (billions)	Total income tax (billions)	Average tax rate ²	Average per return ¹	
						Adjusted gross income (dollars)	Total income tax (dollars)
(1)	(2)	(3)	(4)	(5)	(6)	(7)	
1980.....	93,902,469	73,906,244	\$1,556	\$250	16.08%	\$21,055	\$3,387
1981.....	95,396,123	76,724,724	1,721	284	16.51	22,433	3,703
1982.....	95,337,432	77,035,300	1,804	278	15.39	23,415	3,604
1983.....	96,321,310	78,016,323	1,895	274	14.47	24,292	3,514
1984.....	99,438,708	81,639,509	2,097	302	14.40	25,687	3,698
1985.....	101,660,287	82,846,420	2,259	326	14.42	27,268	3,931
1986.....	103,045,170	83,967,413	2,440	367	15.05	29,062	4,374

¹ The average AGI, average total income tax, and average tax rate were calculated from unrounded data.

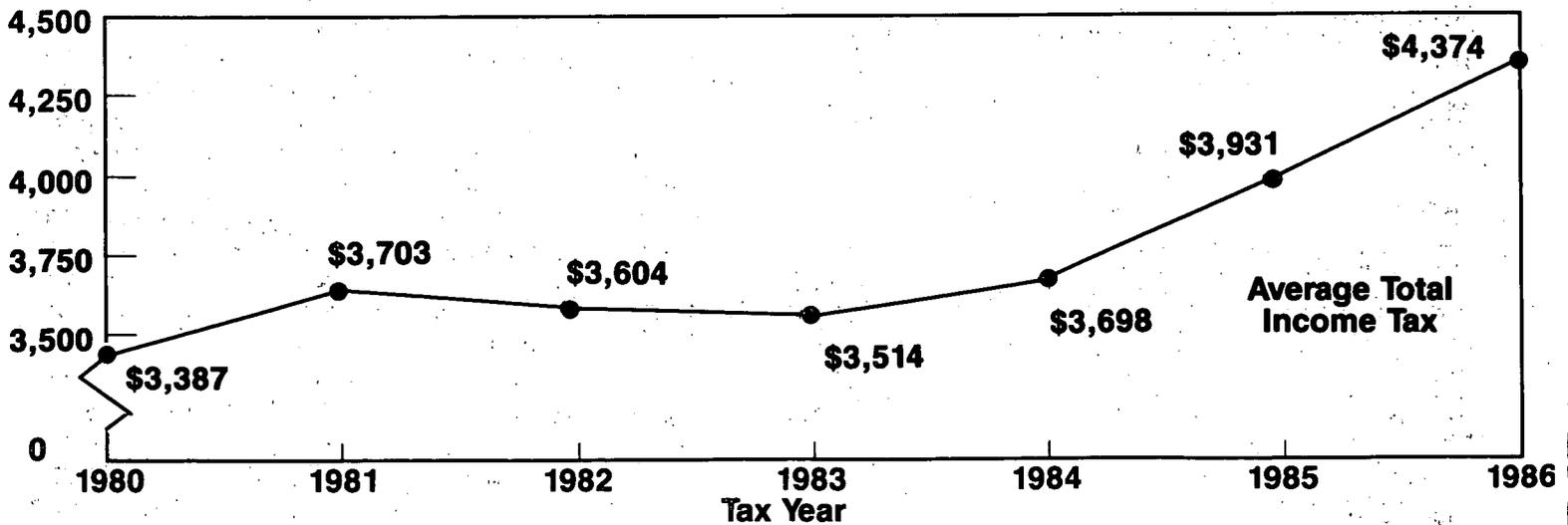
² Average tax rate is “Total income tax” as a percentage of adjusted gross income.

Figure B
Taxable Returns: Average Tax Rate and
Average Total Income Tax, Tax Years 1980-1986

Percentage



Dollars per Return



MARGINAL TAX RATES

As shown in Figure C, different portions of taxable income are taxed at different rates. The tax rate applied to the last dollar of income is called the "marginal tax rate" for that return. Since tax rates increase with income (from 0 to 50 percent), the marginal rate is the highest rate applied to taxable income. In Figure C, the taxpayer had portions of income taxed at ten rates ranging from 0 to 26 percent. The marginal rate was 26 percent for this taxpayer.

Tables 1 and 2 present 1986 marginal tax rate data. These data are based only on income included in AGI. Therefore, they do not include income from such sources as tax-exempt interest on state and local government obligations, from the portion of long-term capital gains excluded from AGI, and from the dividend exclusion. Consequently, income from these sources did not directly determine the marginal rates presented in Tables 1 and 2 [6].

Returns are classified by two different methods in Table 1. In columns 1 through 9, a return is classified by its marginal or highest tax rate. For example, column 1 shows that there were 8,877,093 returns for which the marginal tax rate was 18 percent. Columns 5 and 6 show that, for these returns, the amount of tax generated at the 11 through 18 percentage rates totaled \$17.3 billion, of which \$2.8 billion of tax was generated solely at the 18 percent marginal rate.

In columns 10 through 12, a return is classified by each rate that generated a tax. For example, columns 10, 11, and 12 show that 49,706,032 returns had some income taxed at the 18 percent rate; \$167.5 billion of income was taxed at this rate, generating \$30.2 billion of income tax.

Figure C.—Example of the Income Tax Calculation for a Single Person who did not Itemize Deductions, Tax Year 1986

Adjusted gross income.....	\$25,000.00
Exemption amount.....	- 1,080.00
Taxable income.....	\$23,920.00

Tax Based on Tax Rates for Single Taxpayers

First	\$2,480 of taxable income taxed at 0%.....	\$0.00
Next	\$1,190 of taxable income taxed at 11%.....	130.90
Next	\$1,080 of taxable income taxed at 12%.....	129.60
Next	\$2,260 of taxable income taxed at 14%.....	316.40
Next	\$2,160 of taxable income taxed at 15%.....	324.00
Next	\$2,480 of taxable income taxed at 16%.....	396.80
Next	\$2,270 of taxable income taxed at 18%.....	408.60
Next	\$2,270 of taxable income taxed at 20%.....	454.00
Next	\$3,450 of taxable income taxed at 23%.....	793.50
Next	\$4,280 of taxable income taxed at 26%.....	1,112.80

Tax on \$23,920 of taxable income based on tax rate schedule for single taxpayers.....\$4,066.60

Tax Based on Tax Table

Tax on \$23,920 of taxable income from the 1986 tax table.....\$4,068.00

The amount of tax generated by each specific tax rate, from 11 to 50 percent, as well as the corresponding number of returns and the amount of "modified taxable income" (defined below), are presented in Table 2. These data are classified by size of AGI. For example, column 1 shows that 4,845,857 returns with taxable income had an AGI between \$14,000 and \$16,000; column 7 shows that 4,790,470 of these returns had a portion of income taxed at the 11 percent rate. These returns had roughly \$8.5 billion of modified taxable income at the 11 percent rate (column 8), and the 11 percent bracket generated nearly \$0.9 million of tax (column 9).

All returns included in Tables 1 and 2 had some amount of taxable income. Of the 103,045,170 individual tax returns filed for 1986, there were 97,358,296 that had taxable income, while 5,686,874 did not. "Modified taxable income," which served as the income amount used to compute income tax before credits and tax rate data in Tables 1 and 2, was developed solely for the statistics in these tables. This term was necessary because of returns with the income averaging computation. For taxpayers who did not use income averaging, modified taxable income was identical to taxable income. However, for taxpayers who used the income averaging computation, modified taxable income was computed by imputing a hypothetical taxable income amount necessary to yield the given amount of tax reported, using the tax rate schedules, as if income averaging had not been used.

DERIVATION OF TAX

Tables 1 and 2 include two amounts of income tax: "tax generated" and "income tax after credits." Both were used to determine the total income tax amount. Tax generated was the initial tax computed when tax rates were applied to modified taxable income. Column 5 in Table 1 shows that nearly \$366 billion of tax was generated by applying tax rates to taxable income. For most taxpayers, tax generated was equal to "income tax before credits." Income tax after credits was derived by adding three more taxes to tax generated from the tax rate schedules, and then subtracting tax credits. Total income tax after credits, shown in column 7 of Table 1, amounted to more than \$360 billion.

Figure D shows the derivation of aggregate tax for 1986. "Total income tax," which is not shown in Tables 1 and 2, is the sum of income tax after credits and the alternative minimum tax [7]. More than 609,000 returns reported \$6.7 billion of alternative minimum tax for 1986. Tables 1 and 2 do not include any tax attributable to the alternative minimum tax, which was computed on a different base from that used for the statistics in these two tables [8].

Individual Income Tax Rates, 1986

Figure D.—Derivation of 1986 Tax as Shown in Statistics of Income

	TAX
TAX GENERATED FROM TAX RATE SCHEDULES OR TAX TABLE	\$365.8 billion
PLUS: Taxes from special computations, total	\$ 1.8 billion
— Tax on accumulation distribution of trusts	
— 10-year averaging tax for qualified retirement plans	
— Multiple recipient 10-year averaging tax	
EQUALS:	
INCOME TAX BEFORE CREDITS	\$367.6 billion
LESS: Tax credits, total	\$ 7.0 billion
— Child-care credit	
— Foreign tax credit	
— General business credit	
— Elderly or disabled credit	
— Political contributions credit	
— Earned income credit	
— Other credits	
EQUALS:	
INCOME TAX AFTER CREDITS	\$360.6 billion
PLUS: Alternative minimum tax	\$ 6.7 billion
EQUALS:	
TOTAL INCOME TAX	\$367.3 billion

DEFINITIONS

Brief definitions of the major tax concepts discussed in this article follow. For more extensive definitions, see *Statistics of Income—1986, Individual Income Tax Returns*.

Adjusted Gross Income.—Adjusted gross income (AGI) is computed by subtracting statutory adjustments (primarily business, investment or employee-related deductions, such as payments to an Individual Retirement Arrangement (or IRA), from "total income" recognized under the tax code. Total income includes the net amounts from sources such as salaries and wages, business income, rents and royalties, and capital and ordinary gains from asset sales. For 1986 it excluded most social security benefits and a certain portion of capital gains, among other items.

Average Tax Rate—The average tax rate presented in this article is the ratio of total income tax to AGI.

Marginal Tax Rate—The marginal tax rate presented in this article was the highest tax rate that applied to the last dollar of income included in AGI on a given return. (See Footnote 7 for a further discussion of effective marginal tax rates.)

Modified Taxable Income—Modified taxable income is the technical term used to describe the actual tax base computed for the statistics. For most taxpayers, modified taxable income was the same as taxable income. However, taxable income was modified to take into account returns with income averaging.

Taxable Income—For 1986, taxable income was AGI less the personal exemption amount, and less either allowable charitable contributions for non-itemizers or total allowable itemized deductions (in excess of the "zero bracket amount") for all others.

Taxable Returns—For 1986, a return was considered "taxable" if it showed an amount of income tax, after tax credits or if it had "total income tax." The following other taxes were not included in this computation of tax: self-employment tax; social security tax on tip income; and the penalty tax on premature distributions from, and excess contributions to, individual retirement arrangements (IRA's).

Tax Generated—This was tax calculated from the tax rate schedules (or tax tables) on modified taxable income. It did not take into account the alternative minimum tax or tax credits. For most returns (those without one of the "taxes from special computations" described in Footnote 6), tax generated equalled income tax before credits.

Total Income Tax—Total income tax was the sum of income tax after credits and the alternative minimum tax.

DATA SOURCES AND LIMITATIONS

These statistics are based on a sample of individual income tax returns (Forms 1040, 1040A, and 1040EZ) filed with the Internal Revenue Service in 1987. Returns in the sample were stratified based on the larger of total income or total loss; size of business plus farm receipts; the presence or absence of Schedule C, Profit (or Loss) from Business or Profession; and Schedule F, Farm Income and Expenses. Returns were selected at rates ranging from 0.03 percent (for the more numerous smaller size returns) to 100 percent (for the relatively few returns with large income amounts), resulting in 89,088 returns being selected from a population of 103,045,170.

Because the data presented in this article are estimates based on a sample, they are subject to sampling, as well as nonsampling, error. To make proper use of the statistical data provided, one must know the magnitude of the potential sampling error.

Figure E presents approximate coefficients of variation (CV's) for frequency estimates. The approximate CV's

Figure E.—Coefficients of Variation for Frequency Estimates, 1986

Estimated number of returns	Approximate coefficient of variation
19,796,900	0.02
3,167,504	0.05
791,876	0.10
197,969	0.20
87,986	0.30
31,675	0.50

shown here are intended only as a general indication of the reliability of the data. For a number other than those shown, the corresponding CV's can be estimated by interpolation.

The reliability of estimates based on samples, the use of coefficients of variation for evaluating the precision of sample estimates, and nonsampling error considerations are discussed in the methodological Appendix at the back of this issue of the Bulletin.

NOTES AND REFERENCES

- [1] For further information on tax law changes for 1986, see *Statistics of Income—1986, Individual Income Tax Returns*.
- [2] The Consumer Price Index (CPI) is published by the Bureau of Labor Statistics, U.S. Department of Labor. For further information about the CPI, see *Consumer Price Index; Concepts and Content Over the Years, Report No. 17, and Monthly Labor Review, Bureau of Labor Statistics*. For further information on ERTA, see *General Explanation of the Economic Recovery Tax Act of 1981*, August 1987, prepared by the Joint Committee on Taxation.
- [3] Taxpayers who did not remarry after the death of a spouse, and who had a dependent living with them, could qualify for surviving spouse status if their spouse had died within 2 years prior to Tax Year 1986. Those who qualified could use the married filing joint tax rates when calculating their 1986 tax.
- [4] The 1986 tax rate schedules were published in the *Instructions for Preparing Form 1040*; they are reproduced in *Statistics of Income—1986, Individual Income Tax Returns*.
- [5] For 1986, the income averaging computation permitted part of an unusually large increase in a taxpayer's annual income to be taxed as if it had been received over a 4 year period. The result was a lower amount of tax due than would have resulted if taxpayers had computed their tax using the regular method. If the income averaging computation were used, income tax had to be computed from the tax rate schedules rather than from the tax tables.
- [6] For the tables presented in this article, the marginal tax rate was the rate at which the taxpayer's last dollar of modified taxable income was taxed. The last dollar did not include income "exclusions" from AGI.

The calculation of an "effective" marginal tax rate for a given return depends upon: (1) the type(s) of income (e.g., salaries and wages, long-term capital gains) reported on the return, (2) the order in which that income was assumed to be "stacked" (described below), (3) the type of tax computation used (regular or income averaging), and (4) whether an alternative minimum tax was reported. If a taxpayer reported income from both salaries and long-term capital gains, the calculation of an effective marginal tax rate would depend on the order in which the income sources were "stacked" or ordered. If the last dollar of income were assumed to be from salaries and wages, the effective marginal tax rate would be the tax rate derived directly from the appropriate tax rate schedule.

In contrast, if the last dollar of income were assumed to be from long-term capital gains, the effective marginal tax rate calculation would include the capital gains exclusion. For example, \$100 of long-term capital gains generated \$40 of AGI subject to the 50 percent marginal tax rate. While the stated marginal tax rate on AGI was 50 percent, the effective marginal tax rate computed on the \$100 of capital gains income was 20 percent. The income averaging tax computation is discussed in Footnote 5, and the alternative minimum tax is discussed in the "Derivation of Tax" section of the article.
- [7] Total income tax did not include certain other taxes reported on the individual income tax return, such as self-employment tax (social security tax for self-employed persons), tax from recapture of prior-year investment credit, and the social security tax on tip income. These taxes were included in "total tax liability," which is shown in *Statistics of Income—1986, Individual Income Tax Returns*. For Tax Year 1986, total tax liability equalled \$381 billion, and was reported on 85,803,688 returns.
- [8] The alternative minimum tax was computed on separately-determined "alternative minimum taxable income," which included certain income and deduction "tax preferences." The alternative minimum tax was the excess of the 20 percent tax on alternative minimum taxable income over tax generated on regularly-determined taxable income.

Table 1.—Returns with Modified Taxable Income and Tax Classified by Both the Marginal Rate and Each Rate at Which Tax was Computed

[All figures are estimates based on samples—money amounts are in thousands of dollars]

Tax rate classes	Separate returns of husbands and wives									
	Classified by the highest marginal rate at which tax was computed					Classified by each rate at which tax was computed				
	Modified taxable income		Tax generated		Income tax after credits		Number of returns	Income taxed at rate ¹	Income tax generated at rate	
At all rates	At marginal rate	At all rates	At marginal rate	Total	As a percentage of adjusted gross income	As a percentage of modified taxable income				
	(27)	(28)	(29)	(30)	(31)	(32)	(33)	(34)	(35)	(36)
All marginal rates	12,751,307	3,113,258	2,979,013	1,266,837	2,839,037	17.7	23.0	913,589	12,751,307	2,979,013
0 percent	81,482	81,482	—	—	(^a)	(^a)	(^a)	913,589	1,619,150	98,098
11 percent	210,661	49,798	5,341	5,478	5,403	1.3	2.6	913,589	900,869	98,098
12 percent	393,722	36,431	199,291	4,372	10,769	2.7	5.4	913,589	821,469	98,098
14 percent	132,824	667,845	125,816	17,614	51,448	5.3	7.7	694,724	1,429,424	200,119
15 percent	—	—	—	—	—	—	—	—	—	—
16 percent	639,558	77,493	63,465	12,399	58,409	6.6	9.1	561,900	1,127,408	180,385
17 percent	1,074,716	106,527	124,096	19,175	119,643	8.9	11.1	474,002	924,595	166,427
20 percent	741,945	50,460	96,546	11,101	96,624	10.4	13.0	361,178	757,590	166,670
23 percent	—	—	—	—	—	—	—	—	—	—
24 percent	—	—	—	—	—	—	—	—	—	—
25 percent	968,666	87,445	145,966	21,861	145,763	12.3	15.0	297,739	749,126	187,282
26 percent	—	—	—	—	—	—	—	—	—	—
28 percent	1,133,952	92,557	191,506	25,916	186,029	12.2	16.4	231,357	567,026	159,767
30 percent	—	—	—	—	—	—	—	—	—	—
32 percent	—	—	—	—	—	—	—	—	—	—
33 percent	2,146,494	183,755	338,746	60,639	338,332	15.8	19.4	166,189	661,827	218,403
34 percent	—	—	—	—	—	—	—	—	—	—
35 percent	—	—	—	—	—	—	—	—	—	—
38 percent	948,903	83,080	181,699	31,571	181,616	19.1	22.9	83,579	502,034	190,773
42 percent	1,639,191	137,496	367,167	57,748	366,337	22.3	26.9	54,658	368,716	154,861
45 percent	298,609	16,479	69,633	7,415	68,736	23.0	31.0	16,743	174,295	78,433
48 percent	—	—	—	—	—	—	—	—	—	—
49 percent	485,092	379,238	137,358	32,879	137,273	28.3	36.2	12,291	267,272	130,963
50 percent	3,214,397	1,917,338	1,194,566	958,669	1,171,656	36.5	46.3	6,999	1,917,338	958,669

Tax rate classes	Returns of heads of households									
	Classified by the highest marginal rate at which tax was computed					Classified by each rate at which tax was computed				
	Modified taxable income		Tax generated		Income tax after credits		Number of returns	Income taxed at rate ¹	Income tax generated at rate	
At all rates	At marginal rate	At all rates	At marginal rate	Total	As a percentage of adjusted gross income	As a percentage of modified taxable income				
	(37)	(38)	(41)	(42)	(43)	(44)	(45)	(46)	(47)	(48)
All marginal rates	118,055,236	17,785,737	17,067,033	4,006,076	15,628,950	9.7	13.2	9,428,313	118,055,236	17,067,033
0 percent	1,354,333	1,354,333	—	—	1,329	(^b)	(^b)	9,428,313	22,131,930	1,807,377
11 percent	4,189,346	1,364,491	149,181	150,094	26,444	0.3	0.6	8,378,043	17,794,340	1,807,377
12 percent	6,439,836	1,201,578	418,673	144,189	167,085	1.6	2.6	7,237,819	15,062,192	1,807,463
14 percent	8,645,726	1,166,013	717,758	163,242	458,193	3.6	5.3	6,133,015	13,216,613	1,850,606
15 percent	—	—	—	—	—	—	—	—	—	—
16 percent	15,818,352	2,333,367	1,621,106	396,672	1,338,650	6.2	8.5	5,064,118	14,444,501	2,455,565
17 percent	21,502,672	1,772,597	1,895,897	319,068	1,700,598	8.3	10.7	3,626,088	10,478,227	1,866,081
18 percent	18,855,285	14,717,488	1,952,635	255,693	1,806,910	9.6	12.3	2,516,078	7,094,299	1,418,860
20 percent	—	—	—	—	—	—	—	—	—	—
22 percent	—	—	—	—	—	—	—	—	—	—
23 percent	19,290,202	2,348,871	2,921,298	563,729	2,800,663	11.4	14.5	1,685,749	7,053,788	1,692,909
24 percent	—	—	—	—	—	—	—	—	—	—
25 percent	24,504,019	—	—	—	—	—	—	—	—	—
26 percent	15,082,604	11,999,285	2,082,317	331,503	2,055,814	13.6	17.1	822,538	3,447,697	965,355
30 percent	7,537,722	6,043,900	1,165,997	133,047	1,150,795	15.3	19.0	395,762	1,642,311	525,540
33 percent	—	—	—	—	—	—	—	—	—	—
34 percent	5,130,354	590,697	1,136,663	206,744	1,129,588	17.6	22.0	214,430	1,632,194	571,268
35 percent	—	—	—	—	—	—	—	—	—	—
38 percent	2,876,199	317,251	744,114	133,246	740,766	20.7	25.8	91,040	965,950	405,699
42 percent	1,420,309	161,878	433,621	31.7	449,707	24.7	31.7	449,707	37,825	586,989
45 percent	754,316	110,634	264,596	53,104	262,434	27.3	34.8	18,590	432,841	207,764
48 percent	—	—	—	—	—	—	—	—	—	—
49 percent	3,479,653	2,165,802	1,563,394	1,082,901	1,539,974	36.2	44.3	11,266	2,165,802	1,082,901

Footnote(s) at end of table.

Table 1.—Returns with Modified Taxable Income: Taxable Income and Tax Classified by Both the Marginal Rate and Each Rate at Which Tax was Computed

[All figures are estimates based on samples—money amounts are in thousands of dollars]

Tax rate classes	Returns of single persons											
	Classified by the highest marginal rate at which tax was computed									Classified by each rate at which tax was computed		
	Number of returns	Adjusted gross income	Modified taxable income		Tax generated		Income tax after credits			Number of returns	Income taxed at rate ¹	Income tax generated at rate ¹
			At all rates	At marginal rate	At all rates	At marginal rate	Total	As a percentage of adjusted gross income	As a percentage of modified taxable income			
(49)	(50)	(51)	(52)	(53)	(54)	(55)	(56)	(57)	(58)	(59)	(60)	
All marginal rates.....	41,049,654	595,104,453	493,983,718	73,915,002	80,817,858	19,453,378	80,621,946	13.5	16.3	41,049,654	493,983,718	80,817,858
0 percent.....	7,113,055	19,406,734	9,040,483	9,040,483	—	—	4,398	(²)	(²)	41,049,654	93,203,249	—
11 percent.....	3,454,283	15,244,294	10,636,451	2,076,724	225,915	228,440	221,803	1.5	2.1	33,936,599	38,350,680	4,218,575
12 percent.....	2,621,207	14,572,831	10,949,995	1,336,793	501,745	160,415	485,952	3.3	4.4	30,482,316	31,426,791	3,771,215
14 percent.....	4,445,617	33,111,681	26,036,724	4,935,010	1,846,918	690,901	1,821,308	5.5	7.0	27,861,109	57,854,022	8,099,563
15 percent.....	3,811,370	37,133,702	30,609,865	3,913,205	2,781,242	586,981	2,734,834	7.4	8.9	23,415,492	46,258,108	6,938,716
16 percent.....	3,734,211	45,800,080	38,841,162	4,624,438	4,098,560	739,910	4,071,247	8.9	10.5	19,604,122	43,981,817	7,037,091
17 percent.....	—	—	—	—	—	—	—	—	—	—	—	—
18 percent.....	2,720,202	40,192,689	34,573,240	2,896,712	4,048,367	521,408	4,041,100	10.1	11.7	15,869,911	32,746,551	5,894,379
20 percent.....	2,681,635	46,300,858	40,308,155	3,000,994	5,169,803	600,199	5,188,460	11.2	12.9	13,149,709	26,763,522	5,352,704
22 percent.....	—	—	—	—	—	—	—	—	—	—	—	—
23 percent.....	3,011,257	61,594,690	53,593,430	4,873,866	7,616,314	1,120,989	7,597,868	12.3	14.2	10,468,074	30,599,885	7,037,973
24 percent.....	—	—	—	—	—	—	—	—	—	—	—	—
25 percent.....	—	—	—	—	—	—	—	—	—	—	—	—
26 percent.....	3,426,577	87,644,942	76,010,051	8,777,775	12,385,793	2,282,221	12,387,813	14.1	16.3	7,456,817	31,830,747	8,275,994
28 percent.....	—	—	—	—	—	—	—	—	—	—	—	—
30 percent.....	1,842,491	59,156,680	51,129,721	4,458,004	9,503,615	1,337,401	9,516,655	16.1	18.6	4,030,240	16,971,929	5,091,579
32 percent.....	—	—	—	—	—	—	—	—	—	—	—	—
33 percent.....	—	—	—	—	—	—	—	—	—	—	—	—
34 percent.....	973,982	37,574,225	32,628,474	2,374,499	6,797,905	807,330	6,794,485	18.1	20.8	2,187,749	9,317,246	3,167,864
35 percent.....	—	—	—	—	—	—	—	—	—	—	—	—
38 percent.....	562,386	26,752,021	22,480,688	1,814,828	5,234,914	689,634	5,257,748	19.7	23.4	1,213,767	7,012,848	2,664,882
42 percent.....	354,162	21,817,545	17,958,013	2,160,721	4,824,515	907,503	4,845,685	22.2	27.0	651,381	6,586,312	2,766,251
45 percent.....	—	—	—	—	—	—	—	—	—	—	—	—
48 percent.....	162,080	13,863,291	11,413,721	1,771,514	3,654,720	850,327	3,640,411	26.3	31.9	297,219	5,636,489	2,705,515
49 percent.....	—	—	—	—	—	—	—	—	—	—	—	—
50 percent.....	135,139	34,938,190	27,773,546	15,859,436	12,127,532	7,929,718	12,012,178	34.4	43.3	135,139	15,859,436	7,929,718

(¹) Because of how the data were processed, the detail for these columns do not add to totals.

(²) Less than \$500

(³) Less than 0.05 percent

NOTE: Detail may not add to total because of rounding.

Table 2.—Returns with Modified Taxable Income: Tax Generated by Rate and by Size of Adjusted Gross Income

[All figures are estimates based on samples—money amounts are in thousands of dollars]

Size of adjusted gross income	Tax generated at specified rate											
	0 percent			11 percent			12 percent			17 percent		
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)
Total	87,358,296	1,947,024,584	1,839,308,023	365,761,870	97,358,296	281,581,770	86,539,707	153,243,162	16,856,748	79,775,612	138,094,218	16,571,306
Under \$2,000	2,496,763	1,647,919	1,647,919	365,761,870	2,496,763	1,567,589	195,471	80,330	8,836	—	—	—
\$2,000 under \$4,000	5,989,239	10,746,808	10,746,808	69,541	5,989,239	10,126,725	1,097,208	509,963	56,096	195,472	109,756	13,171
\$4,000 under \$6,000	6,500,508	20,826,614	20,826,614	677,874	6,500,508	14,820,191	4,887,405	4,578,970	503,620	2,285,129	1,311,242	157,349
\$6,000 under \$8,000	6,247,798	29,234,281	29,234,281	1,635,790	6,247,798	15,667,716	5,084,768	6,203,970	682,437	3,954,467	3,943,916	473,270
\$8,000 under \$10,000	6,233,540	40,174,761	40,174,761	2,946,136	6,233,540	16,854,632	5,780,072	8,133,418	894,676	4,731,492	5,214,545	625,745
\$10,000 under \$12,000	5,650,830	45,946,292	45,946,292	3,926,358	5,650,830	15,785,549	4,465,941	8,713,003	958,430	5,026,081	6,425,982	771,118
\$12,000 under \$14,000	5,460,140	54,843,965	54,843,965	5,302,823	5,460,140	15,466,658	5,380,061	8,889,072	977,798	5,197,648	7,812,934	937,552
\$14,000 under \$16,000	4,845,957	56,465,589	56,465,589	5,858,014	4,845,957	14,188,532	4,790,470	8,472,768	932,005	4,704,855	7,904,317	948,518
\$16,000 under \$18,000	4,533,493	61,331,432	61,331,432	6,946,064	4,533,493	13,263,784	4,517,971	7,906,247	869,687	4,471,300	7,470,344	896,441
\$18,000 under \$20,000	4,293,572	64,953,557	64,953,557	7,734,912	4,293,572	12,932,704	4,266,880	7,659,640	842,560	4,227,900	7,331,137	879,736
\$20,000 under \$25,000	9,194,660	165,356,554	164,980,990	21,319,743	9,194,660	28,486,063	9,174,232	17,208,447	1,892,929	9,149,494	16,708,602	2,005,032
\$25,000 under \$30,000	7,541,896	165,356,830	165,034,053	23,222,644	7,541,896	24,347,375	7,521,560	14,769,804	1,626,878	7,500,117	14,476,004	1,737,120
\$30,000 under \$40,000	11,474,320	313,916,976	312,949,255	49,073,341	11,474,320	38,555,383	11,468,841	23,564,494	2,592,094	11,457,164	23,201,628	2,784,195
\$40,000 under \$50,000	7,451,366	259,365,438	258,424,311	45,806,745	7,451,366	26,085,142	7,449,952	16,009,672	1,761,064	7,438,670	15,839,684	1,900,762
\$50,000 under \$75,000	6,417,415	295,296,881	293,952,434	62,379,582	6,417,415	22,777,013	6,413,596	14,001,083	1,540,119	6,410,904	13,882,634	1,665,916
\$75,000 under \$100,000	1,542,724	100,211,601	99,233,623	25,933,850	1,542,724	5,452,587	1,542,106	3,342,514	367,677	1,541,990	3,312,727	387,527
\$100,000 under \$200,000	1,111,622	112,757,958	111,277,744	36,196,015	1,111,622	3,914,701	1,110,714	2,396,530	263,618	1,110,596	2,374,310	284,917
\$200,000 under \$500,000	289,557	64,277,685	63,354,849	26,279,473	289,557	997,811	289,474	605,075	66,558	289,348	597,319	71,678
\$500,000 under \$1,000,000	51,267	27,327,574	27,156,701	12,597,173	51,267	179,854	51,258	110,219	12,124	51,258	109,184	13,102
\$1,000,000 or more	31,729	56,985,871	56,914,888	27,846,981	31,729	111,762	31,727	68,547	7,540	31,727	67,951	8,154
Total	73,859,409	243,611,000	243,611,000	23,415,492	46,258,108	6,938,716	54,824,118	187,442,543	29,990,807	5,064,118	14,444,501	2,455,565
Under \$2,000	—	—	—	—	—	—	—	—	—	—	—	—
\$2,000 under \$4,000	38,141	9,354	1,310	—	—	—	—	—	—	—	—	—
\$4,000 under \$6,000	326,478	152,559	21,358	—	—	—	—	—	—	—	—	—
\$6,000 under \$8,000	3,241,029	9,409,502	477,330	36,329	32,816	4,922	4,768	10,561	1,690	—	—	—
\$8,000 under \$10,000	3,780,346	7,654,658	1,071,632	2,697,598	2,323,275	348,491	88,298	81,955	13,113	—	—	—
\$10,000 under \$12,000	3,867,617	7,710,946	1,079,532	2,861,268	5,655,114	834,767	2,017,783	1,716,306	274,609	100,121	31,815	5,409
\$12,000 under \$14,000	4,677,842	9,617,110	1,346,395	2,768,064	5,899,881	684,962	2,736,278	5,722,555	915,609	480,901	563,660	95,822
\$14,000 under \$16,000	4,522,107	10,940,076	1,531,611	2,077,561	4,462,337	669,351	2,189,214	5,048,234	807,717	690,435	1,541,858	262,116
\$16,000 under \$18,000	4,351,315	12,207,962	1,709,115	2,068,255	4,451,392	667,709	2,791,718	5,906,367	945,019	629,140	1,912,298	325,091
\$18,000 under \$20,000	4,173,645	13,199,187	1,847,886	1,816,719	3,911,260	586,689	3,274,062	7,626,525	1,220,244	473,496	1,517,750	258,018
\$20,000 under \$25,000	9,084,059	31,255,030	4,375,704	3,216,056	6,942,881	1,041,432	7,687,527	24,384,788	3,901,566	977,692	3,172,147	539,265
\$25,000 under \$30,000	7,489,149	28,012,256	3,921,716	2,045,639	4,409,288	661,383	6,687,960	24,775,689	3,964,106	655,297	2,180,151	370,626
\$30,000 under \$40,000	11,444,028	46,055,181	6,447,725	2,207,259	17,600,442	714,066	10,698,917	42,630,355	6,820,857	658,938	2,195,197	373,184
\$40,000 under \$50,000	7,429,880	32,006,892	4,480,965	813,723	17,571,642	263,646	7,201,946	30,230,104	4,836,817	220,711	737,175	125,320
\$50,000 under \$75,000	6,409,488	28,225,406	3,951,557	502,495	1,084,371	162,656	6,276,279	26,782,424	4,285,188	126,235	421,623	71,676
\$75,000 under \$100,000	1,541,685	6,744,204	944,189	140,961	304,229	45,634	1,514,019	6,418,615	1,026,978	25,315	84,552	14,374
\$100,000 under \$200,000	1,110,493	4,833,681	676,715	109,746	236,935	35,540	1,089,815	4,600,738	736,118	19,210	64,141	10,904
\$200,000 under \$500,000	289,329	1,216,519	170,313	45,881	99,103	14,866	284,093	1,164,195	186,271	5,083	16,977	2,866
\$500,000 under \$1,000,000	51,252	222,015	31,082	5,151	11,125	1,669	211,241	1,169,903	33,789	1,029	3,437	584
\$1,000,000 or more	31,726	138,463	19,385	2,787	6,020	903	31,210	131,922	21,108	515	1,720	292

Footnote(s) at end of table.

Table 2.—Returns with Modified Taxable Income: Tax Generated by Rate and by Size of Adjusted Gross Income—Continued
 [All figures are estimates based on samples—money amounts are in thousands of dollars]

Size of adjusted gross income	Tax generated at specific rate—Continued											
	18 percent		20 percent		22 percent		23 percent		24 percent			
	Number of returns (25)	Modified taxable income (26)	Tax generated at rate (27)	Number of returns (28)	Modified taxable income (29)	Tax generated at rate (30)	Number of returns (31)	Modified taxable income (32)	Tax generated at rate (33)	Number of returns (34)	Modified taxable income (35)	Tax generated at rate (36)
Total	49,706,032	167,521,981	30,153,939	15,665,787	33,857,821	6,771,564	25,163,152	105,530,346	23,216,676	10,468,074	30,599,885	7,037,973
Under \$2,000	—	—	—	—	—	—	—	—	—	—	—	—
\$2,000 under \$4,000	—	—	—	—	—	—	—	—	—	—	—	—
\$4,000 under \$6,000	—	—	—	—	—	—	—	—	—	—	—	—
\$6,000 under \$8,000	—	—	—	—	—	—	—	—	—	—	—	—
\$8,000 under \$10,000	4,768	749	1135	—	—	—	—	—	—	—	—	—
\$10,000 under \$12,000	4,767	629	1113	—	—	—	—	—	—	—	—	—
\$12,000 under \$14,000	1,269,133	60,926	10,967	9,536	5,668	1,138	28,607	9,759	2,147	—	—	—
\$14,000 under \$16,000	2,054,043	3,481,299	626,634	743,264	362,639	72,528	36,327	58,108	12,784	4,767	10,187	2,343
\$16,000 under \$18,000	2,491,192	5,098,607	917,749	1,788,988	2,751,622	550,324	47,676	102,212	22,487	368,730	118,312	27,212
\$18,000 under \$20,000	2,255,135	5,061,394	911,051	1,844,697	3,684,638	736,928	9,172	18,948	4,169	1,377,077	1,986,158	456,816
\$20,000 under \$25,000	6,732,859	15,271,387	2,748,587	3,817,651	8,489,792	1,697,958	239,501	297,659	65,485	2,963,796	8,902,130	2,047,490
\$25,000 under \$30,000	6,867,076	22,586,860	4,065,635	6,421,021	12,842,04	2,506,955	5,381,190	1,183,862	1,183,862	1,970,580	6,647,863	1,528,008
\$30,000 under \$40,000	11,163,221	43,377,221	7,807,900	2,827,478	7,106,306	1,421,261	7,613,517	30,650,858	6,743,189	2,171,566	7,409,055	1,704,083
\$40,000 under \$50,000	7,393,248	31,270,298	5,628,654	1,033,597	2,606,391	521,278	6,283,830	29,271,586	6,439,749	812,050	2,773,477	637,900
\$50,000 under \$75,000	6,386,537	27,602,238	4,968,403	624,988	1,565,694	313,139	5,738,212	27,150,414	5,973,091	496,244	1,707,167	392,648
\$75,000 under \$100,000	1,537,060	6,602,029	1,188,365	165,730	404,075	80,815	1,369,187	6,486,323	1,426,991	139,821	482,004	110,861
\$100,000 under \$200,000	1,108,158	4,737,427	852,737	128,787	314,946	62,989	978,627	4,630,851	1,018,787	109,634	377,979	86,935
\$200,000 under \$500,000	289,125	1,195,404	215,173	50,955	121,666	24,333	238,080	1,125,665	247,646	45,872	158,173	36,380
\$500,000 under \$1,000,000	51,230	218,144	39,266	6,179	15,241	3,048	45,038	212,731	46,801	5,150	17,766	4,086
\$1,000,000 or more	31,725	135,940	24,469	3,302	8,103	1,621	28,423	134,040	29,489	2,787	9,615	2,211
Tax generated at specific rate—Continued												
Size of adjusted gross income	Tax generated at specific rate—Continued											
	24 percent		25 percent		26 percent		28 percent		29 percent			
	Number of returns (37)	Modified taxable income (38)	Tax generated at rate (39)	Number of returns (40)	Modified taxable income (41)	Tax generated at rate (42)	Number of returns (43)	Modified taxable income (44)	Tax generated at rate (45)	Number of returns (46)	Modified taxable income (47)	Tax generated at rate (48)
Total	1,685,749	7,053,788	1,692,909	19,595,562	94,233,396	23,559,349	7,456,817	31,830,747	8,275,994	14,980,784	68,559,410	18,196,635
Under \$2,000	—	—	—	—	—	—	—	—	—	—	—	—
\$2,000 under \$4,000	—	—	—	—	—	—	—	—	—	—	—	—
\$4,000 under \$6,000	—	—	—	—	—	—	—	—	—	—	—	—
\$6,000 under \$8,000	—	—	—	—	—	—	—	—	—	—	—	—
\$8,000 under \$10,000	—	—	—	—	—	—	—	—	—	—	—	—
\$10,000 under \$12,000	—	—	—	—	—	—	—	—	—	—	—	—
\$12,000 under \$14,000	—	—	—	—	—	—	—	—	—	—	—	—
\$14,000 under \$16,000	—	—	—	—	—	—	—	—	—	—	—	—
\$16,000 under \$18,000	—	—	—	—	—	—	—	—	—	—	—	—
\$18,000 under \$20,000	—	—	—	—	—	—	—	—	—	—	—	—
\$20,000 under \$25,000	198,815	283,808	68,114	100,164	264,180	66,045	1,883,084	3,215,925	836,140	85,247	173,535	48,580
\$25,000 under \$30,000	481,258	1,546,080	371,059	215,460	223,702	55,925	1,862,868	8,222,133	2,137,795	101,800	164,326	46,011
\$30,000 under \$40,000	607,931	3,010,649	722,586	4,902,520	15,686,871	3,921,718	2,109,085	11,391,792	2,961,866	1,442,792	3,305,502	925,541
\$40,000 under \$50,000	220,711	1,205,897	289,415	5,970,722	30,766,003	7,691,501	796,388	4,473,112	1,163,009	4,723,136	18,999,387	5,319,828
\$50,000 under \$75,000	126,181	716,725	172,014	5,694,311	32,087,420	8,021,855	493,734	2,796,717	727,147	5,624,908	30,595,249	8,566,670
\$75,000 under \$100,000	25,074	143,423	34,422	1,366,457	7,786,511	1,946,628	138,985	794,174	206,485	1,385,503	7,862,247	2,201,429
\$100,000 under \$200,000	19,152	109,335	26,240	976,122	5,559,598	1,389,899	109,385	624,613	162,399	991,890	5,640,181	1,579,251
\$200,000 under \$500,000	5,083	29,040	6,970	237,896	1,354,563	338,641	282,096	282,096	68,145	242,799	1,379,989	386,397
\$500,000 under \$1,000,000	1,029	5,886	1,413	45,038	256,104	64,026	5,149	29,452	7,658	261,502	73,221	46,053
\$1,000,000 or more	515	2,946	707	28,420	161,394	40,348	2,787	15,942	4,145	26,934	164,053	45,935

Footnote(s) at end of table.

Table 2.—Returns with Modified Taxable Income: Tax Generated by Rate and by Size of Adjusted Gross Income—Continued

[All figures are estimates based on samples—money amounts are in thousands of dollars]

Size of adjusted gross income	Tax generated at specific rate—Continued											
	30 percent				32 percent				34 percent			
	(48)	(50)	(51)	(52)	(53)	(54)	(55)	(56)	(57)	(58)	(59)	(60)
Total	4,030,240	16,971,929	5,091,579	395,762	1,642,311	525,540	9,395,922	73,874,453	24,378,570	2,197,749	9,317,246	3,187,884
Under \$2,000	—	—	—	—	—	—	—	—	—	—	—	—
\$2,000 under \$4,000	—	—	—	—	—	—	—	—	—	—	—	—
\$4,000 under \$6,000	—	—	—	—	—	—	—	—	—	—	—	—
\$6,000 under \$8,000	—	—	—	—	—	—	—	—	—	—	—	—
\$8,000 under \$10,000	—	—	—	—	—	—	—	—	—	—	—	—
\$10,000 under \$12,000	—	—	—	—	—	—	—	—	—	—	—	—
\$12,000 under \$14,000	—	—	—	—	—	—	—	—	—	—	—	—
\$14,000 under \$16,000	—	—	—	—	—	—	—	—	—	—	—	—
\$16,000 under \$18,000	—	—	—	—	—	—	—	—	—	—	—	—
\$18,000 under \$20,000	—	—	—	—	—	—	—	—	—	—	—	—
\$20,000 under \$25,000	—	—	—	—	—	—	—	—	—	—	—	—
\$25,000 under \$30,000	—	—	—	—	—	—	—	—	—	—	—	—
\$30,000 under \$40,000	—	—	—	—	—	—	—	—	—	—	—	—
\$40,000 under \$50,000	—	—	—	—	—	—	—	—	—	—	—	—
\$50,000 under \$75,000	—	—	—	—	—	—	—	—	—	—	—	—
\$75,000 under \$100,000	—	—	—	—	—	—	—	—	—	—	—	—
\$100,000 under \$200,000	—	—	—	—	—	—	—	—	—	—	—	—
\$200,000 under \$500,000	—	—	—	—	—	—	—	—	—	—	—	—
\$500,000 under \$1,000,000	—	—	—	—	—	—	—	—	—	—	—	—
\$1,000,000 or more	—	—	—	—	—	—	—	—	—	—	—	—

Size of adjusted gross income	Tax generated at specific rate—Continued															
	35 percent				38 percent				42 percent				45 percent			
	(61)	(62)	(63)	(64)	(65)	(66)	(67)	(68)	(69)	(70)	(71)	(72)				
Total	214,430	1,632,184	571,268	5,587,947	52,512,295	19,954,672	2,794,641	43,624,959	18,322,483	917,626	18,022,886	8,110,344				
Under \$2,000	—	—	—	—	—	—	—	—	—	—	—	—				
\$2,000 under \$4,000	—	—	—	—	—	—	—	—	—	—	—	—				
\$4,000 under \$6,000	—	—	—	—	—	—	—	—	—	—	—	—				
\$6,000 under \$8,000	—	—	—	—	—	—	—	—	—	—	—	—				
\$8,000 under \$10,000	—	—	—	—	—	—	—	—	—	—	—	—				
\$10,000 under \$12,000	—	—	—	—	—	—	—	—	—	—	—	—				
\$12,000 under \$14,000	—	—	—	—	—	—	—	—	—	—	—	—				
\$14,000 under \$16,000	—	—	—	—	—	—	—	—	—	—	—	—				
\$16,000 under \$18,000	—	—	—	—	—	—	—	—	—	—	—	—				
\$18,000 under \$20,000	—	—	—	—	—	—	—	—	—	—	—	—				
\$20,000 under \$25,000	—	—	—	—	—	—	—	—	—	—	—	—				
\$25,000 under \$30,000	—	—	—	—	—	—	—	—	—	—	—	—				
\$30,000 under \$40,000	—	—	—	—	—	—	—	—	—	—	—	—				
\$40,000 under \$50,000	—	—	—	—	—	—	—	—	—	—	—	—				
\$50,000 under \$75,000	—	—	—	—	—	—	—	—	—	—	—	—				
\$75,000 under \$100,000	—	—	—	—	—	—	—	—	—	—	—	—				
\$100,000 under \$200,000	—	—	—	—	—	—	—	—	—	—	—	—				
\$200,000 under \$500,000	—	—	—	—	—	—	—	—	—	—	—	—				
\$500,000 under \$1,000,000	—	—	—	—	—	—	—	—	—	—	—	—				
\$1,000,000 or more	—	—	—	—	—	—	—	—	—	—	—	—				

Footnote(s) at end of table.

Table 2.—Returns with Modified Taxable Income: Tax Generated by Rate and by Size of Adjusted Gross Income—Continued

[All figures are estimates based on samples—money amounts are in thousands of dollars]

Size of adjusted gross income	Tax generated at specified rate—Continued								
	46 percent			49 percent			50 percent		
	Number of returns	Modified taxable income	Tax generated at rate	Number of returns	Modified taxable income	Tax generated at rate	Number of returns	Modified taxable income	Tax generated at rate
(73)	(74)	(75)	(76)	(77)	(78)	(79)	(80)	(81)	
Total	315,799	6,069,331	2,913,279	542,761	21,142,881	10,360,012	403,638	91,796,371	45,898,185
Under \$2,000	—	—	—	—	—	—	—	—	—
\$2,000 under \$4,000	—	—	—	—	—	—	—	—	—
\$4,000 under \$6,000	—	—	—	—	—	—	—	—	—
\$6,000 under \$8,000	—	—	—	—	—	—	—	—	—
\$8,000 under \$10,000	—	—	—	—	—	—	—	—	—
\$10,000 under \$12,000	—	—	—	—	—	—	—	—	—
\$12,000 under \$14,000	—	—	—	—	—	—	—	—	—
\$14,000 under \$16,000	—	—	—	—	—	—	—	—	—
\$16,000 under \$18,000	—	—	—	—	—	—	—	—	—
\$18,000 under \$20,000	—	—	—	—	—	—	—	—	—
\$20,000 under \$25,000	—	—	—	—	—	—	—	—	—
\$25,000 under \$30,000	—	—	—	—	—	—	—	—	—
\$30,000 under \$40,000	—	—	—	—	—	—	—	—	—
\$40,000 under \$50,000	—	—	—	—	—	—	—	—	—
\$50,000 under \$75,000	53,424	242,367	116,336	—	—	—	—	—	—
\$75,000 under \$100,000	88,575	1,201,109	576,532	*4,174	*48,568	*23,798	4,320	22,012	11,006
\$100,000 under \$200,000	113,767	2,911,246	1,397,398	237,575	5,037,456	2,468,353	91,295	2,179,701	1,089,850
\$200,000 under \$500,000	50,592	1,444,922	693,562	227,854	11,903,311	5,832,622	225,673	19,156,677	9,578,339
\$500,000 under \$1,000,000	6,144	175,420	84,201	44,767	2,542,288	1,245,721	50,700	18,768,332	9,384,166
\$1,000,000 or more	3,297	94,267	45,248	28,391	1,611,259	789,517	31,650	51,669,649	25,834,825

* Estimate should be used with caution because of the small number of sample returns on which it is based.

NOTE: Detail may not add to total because of rounding.

Individual Income Tax Shares and Average Tax Rates, Tax Years 1951–1986

By Janet McCubbin and Fritz Scheuren*

This is the second in a series of articles on the history of individual income tax shares and average tax rates. The first article appeared in the Winter 1988–89 *Bulletin* and covered the years 1916 through 1950 [1]. This brief sequel provides data to complete that time series. A third article, scheduled for publication in the Winter 1989–90 *Bulletin*, will include an overall (but still preliminary) look at income and tax shares for the entire 1916 through 1986 period.

As noted in the first article, all of the data presented in the series have been derived from previously published SOI annual reports. The original information on the number of returns, income and tax by income size class, was extracted from the printed volumes and transferred to computer tape. These data were then manipulated as described below, to produce the tables included here and in the earlier article. A principal goal of this historical treatment is to make available previously published data that would otherwise be difficult to find or inconvenient to use. There are plans to eventually provide all of the data produced on a "floppy" diskette to facilitate their use by outside researchers.

OVERVIEW OF DATA PREPARATION

The data captured from the original SOI publications have been subjected to a number of adjustments designed to overcome some of the problems inherent in using a set of annual cross-sections in a time-series context. Three adjustments were made to the data:

- First, the Consumer Price Index was used to eliminate the influence of the inflation (and deflation) of prices over the period; to this end, all money amounts are presented in 1986 dollars, unless otherwise noted [2] (see Figure A).
- Second, to achieve some measure of comparability over time, attention has been confined to returns with income of \$25,000 or more in 1986 dollars. A convention like this is useful for constructing the overall time series, since prior to 1940, the Federal income tax was not a "mass" tax, but was paid only by individuals with fairly high incomes [3].
- Finally, a relatively sophisticated interpolation technique was used to convert the published current dollar

income size classes and corresponding aggregate data to a usable constant dollar time series [4].

Six tables summarizing the adjusted data are provided at the end of this article. These generally parallel the tables provided earlier for 1916 to 1950, so that they can be used together to look at the entire period.

Table 1 summarizes, *in current dollars*, the number of returns, income and tax for each year, for *all* individual income tax returns. This table is not adjusted for variations in filing requirements; rather, it simply shows what the published Statistics of Income data would have looked like in the 1951 through 1986 period if they had always been tabulated by the same current dollar income size classes.

Tables 2 through 6 are *in constant dollars* and include only those returns with adjusted gross income (AGI) of \$25,000 or more in 1986 dollars. This means that for the percentages of returns, income and tax shown (the top 1 percent of returns, for example), the base is returns with AGI of \$25,000 or more in 1986 dollars.

- Table 2 presents selected statistics for groups of returns with *constant tax shares* (10 to 50 percent, in increments of 5) for each year. These statistics include the number of returns in the group, the percentage of returns (with AGI of \$25,000 or more) accounted for by the group, adjusted gross income, Federal income tax, mean income before and after tax, the average income tax, the minimum income required for a return to be included in the group, the income share of the group

Figure A.—Consumer Price Index, 1986 = 100.

Year	Index	Year	Index
1951	23.7	1969	33.4
1952	24.2	1970	35.4
1953	24.4	1971	36.9
1954	24.5	1972	38.2
1955	24.4	1973	40.5
1956	24.8	1974	45.0
1957	25.7	1975	49.1
1958	26.4	1976	51.9
1959	26.6	1977	55.3
1960	27.0	1978	59.5
1961	27.3	1979	66.2
1962	27.6	1980	75.2
1963	27.9	1981	82.9
1964	28.3	1982	88.0
1965	28.8	1983	90.9
1966	29.6	1984	94.7
1967	30.5	1985	98.1
1968	31.7	1986	100.0

Source: U.S. Bureau of Labor Statistics, as cited in *Statistical Abstract of the United States*, U.S. Department of Commerce, Bureau of the Census. The index for 1967 = 100 was converted so that 1986 = 100.

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before and after tax, the number of returns per 100,000 of U.S. population, the average income tax rate and the income tax share of the group. All groups are cumulated from the top.

- Table 3 provides the same statistics for groups of returns with *constant income shares* (5 to 50 percent, in increments of 5) for each year.
- Table 4 shows the same statistics again, for *constant percentiles of returns* (1 percent and then 5 to 50 percent, in increments of 5) for each year.
- Table 5 consists of the same data, tabulated by selected *constant dollar* (\$25,000 to \$1,000,000) *income size classes*. Part VIII of this table may be of particular interest, as it shows the statistics for the entire group of returns under consideration: returns with AGI of \$25,000 or more.
- Table 6 depicts the income and tax data tabulated by selected *constant numbers* (25 to 200) of returns for each 100,000 of U.S. population. That is, it shows the statistics for groups of returns representing selected constant percentages (0.025 to 0.20 percent) of the U.S. population.

BASIC REFERENCE GROUP

As noted above, the information in this article is generally limited to returns with income of \$25,000 or more in 1986 dollars. For the pre-World War II period, limiting analysis in this way is advantageous as it provides a reasonably stable percentage of the population for study (see Figure B); however, in the post-World War II period this approach does not come close to delineating a constant percentage of the U.S. population, due to the growth in real income over the period [5]. It is primarily for this reason that the use of the data (in their current form) *solely* for analyses of the more recent period is not recommended. While price effects have been accounted for by converting the data to constant dollars and fluctuations in the filing requirement have been circumvented by limiting analysis to returns with income of \$25,000 or more, changes in the distribution of real income have not been addressed. The growth in real income is indicated by the increase in the ratio of returns with AGI of \$25,000 or more to the U.S. population, over the 1951 to 1986 period (see Figure C).

A better way to study tax shares would be to examine returns that represent a constant portion (the top 1 percent, for example) of the real income distribution for each year; this is what Pechman and others have done [6]. However, as noted in the previously cited article on 1916 to 1950, neither the Census Bureau data on the number of families in the United States, nor the Bureau of Economic Analysis

series relating income tax data to data on all personal income in the United States, are available prior to 1940 [7,8]. These series will have to be estimated for earlier years before this more appropriate approach can be applied to the entire set of tax data.

Confining analysis to returns with income of \$25,000 or more (in 1986 dollars) does result in a loss of data. For the 1916 to 1950 period, this omission is not a very serious problem. During nearly all of the pre-1940 period, returns with income of \$25,000 or more accounted for over 90 percent of the reported income tax liability (see Figure D; 1916 is not shown because all returns filed for 1916 had income of over \$25,000 in 1986 dollars.) After a steep drop in the 1940's, the percentage of the total tax liability accounted for by this group began to rise, but not to the 90 percent level of the earlier years. In the 1951 to 1986 period, however, returns with \$25,000 or more still accounted for an average of over three-fourths of the tax liability reported for each year (see Figure E).

Trends in tax liability over the entire 1916 to 1986 period are shown in Figures F and G, where average tax rates for returns with \$25,000 or more are compared to those for all returns. In the early period (1916 to 1950), the two average tax rates generally move together. During 1940 to 1944, however, average tax rates increased dramatically; these rate increases were much larger for returns with income of \$25,000 or more. Tax rates for both groups generally fell from 1944 to 1949. This trend of declining average tax rates continued from 1952 to 1965, for returns with \$25,000 or more. Average tax rates for *all* returns, however, increased in most of those years. Beginning with 1963, the relationship between the average tax rates of the two groups is fairly constant. The difference between the average tax rates for the two groups ranges from 7.94 percentage points for 1951 to 2.08 percentage points for 1973.

EXTENDING EARLIER ANALYSES

The earlier article in this series included an example of one type of analysis that can be done with the tables provided. This vein of research was opened up through a column-by-column survey of data from the last panel of Table 6. In both articles, that panel consists of estimates for the top 200 returns per 100,000 U.S. population. (Note that the number of returns in this group is equal to 0.2 percent of the U.S. population in each year.)

The data at the end of this article allow researchers to extend such an analysis to the 1951 through 1986 period. To illustrate how this can be done using the corresponding information for the later years, tax shares and average tax rates (found in columns 12 and 13 of Table 6) are discussed below. The purpose of examining these data is not to provide a thorough analysis of tax shares and tax rates for

Figure B.
All Returns and Returns with Income of \$25,000 or More
as Percentages of U.S. Population, 1916-1950

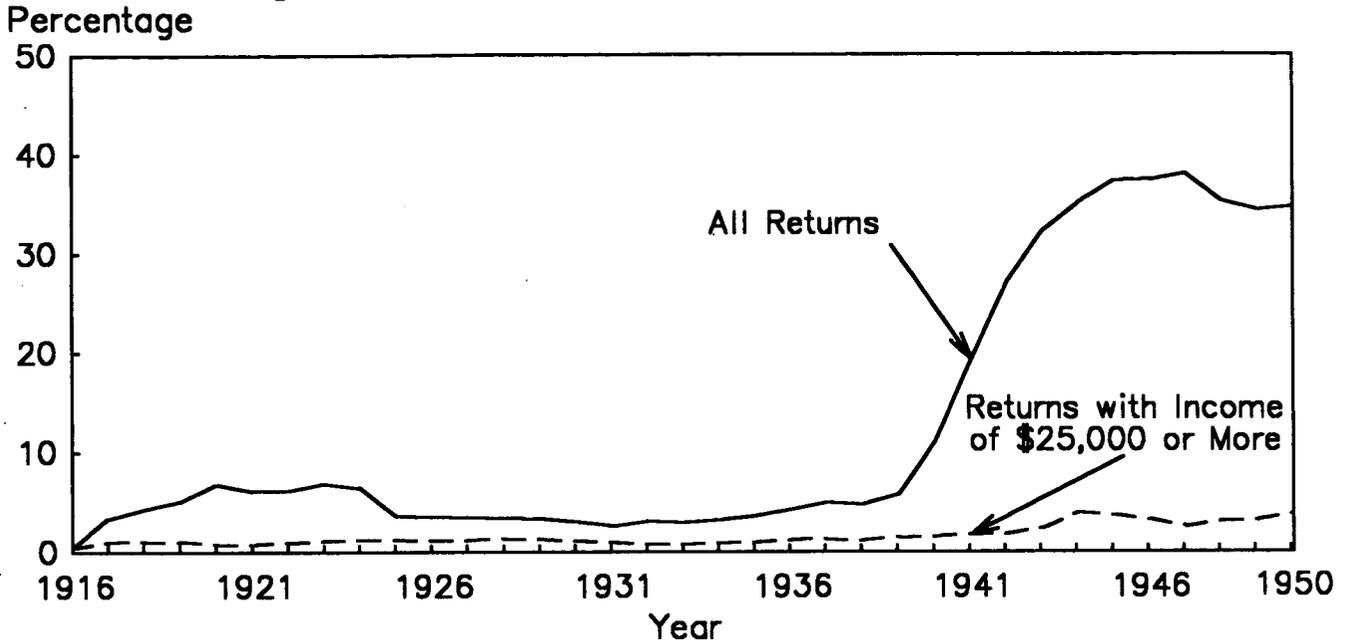


Figure C.
All Returns and Returns with Income of \$25,000 or More
as Percentages of U.S. Population, 1951-1986

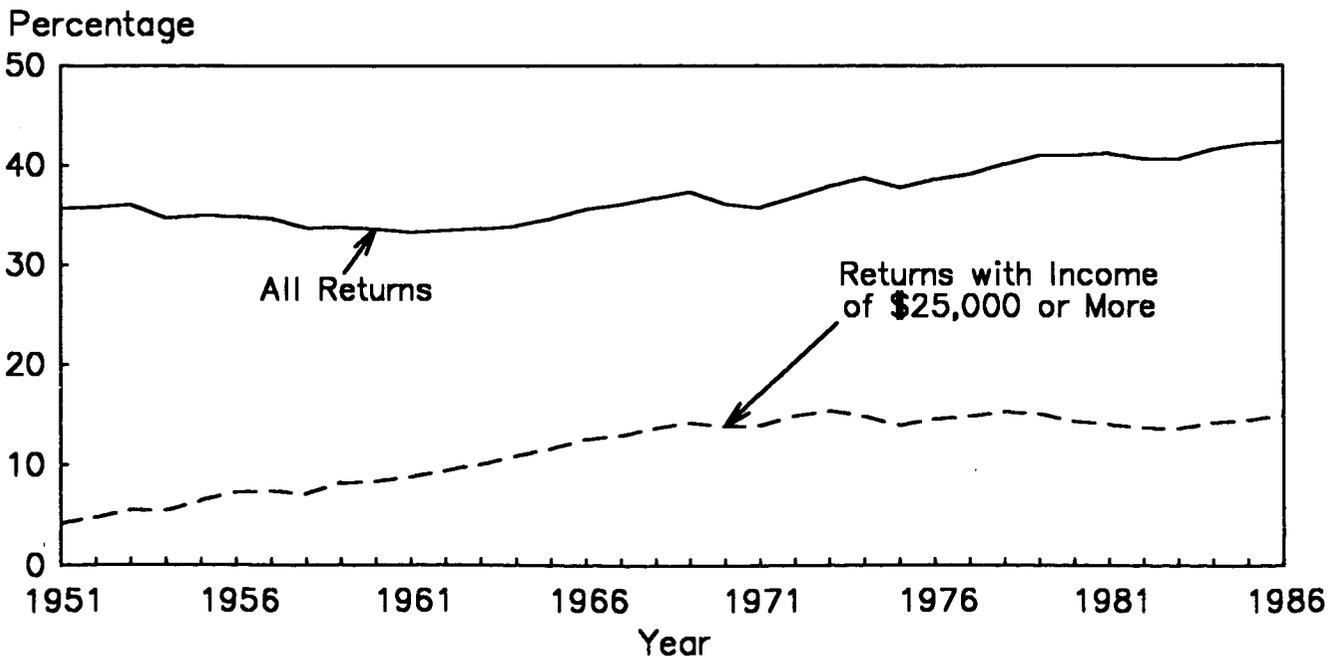


Figure D.
Returns with Income of \$25,000 or More:
Share of All Returns, Income and Tax, 1917-1950

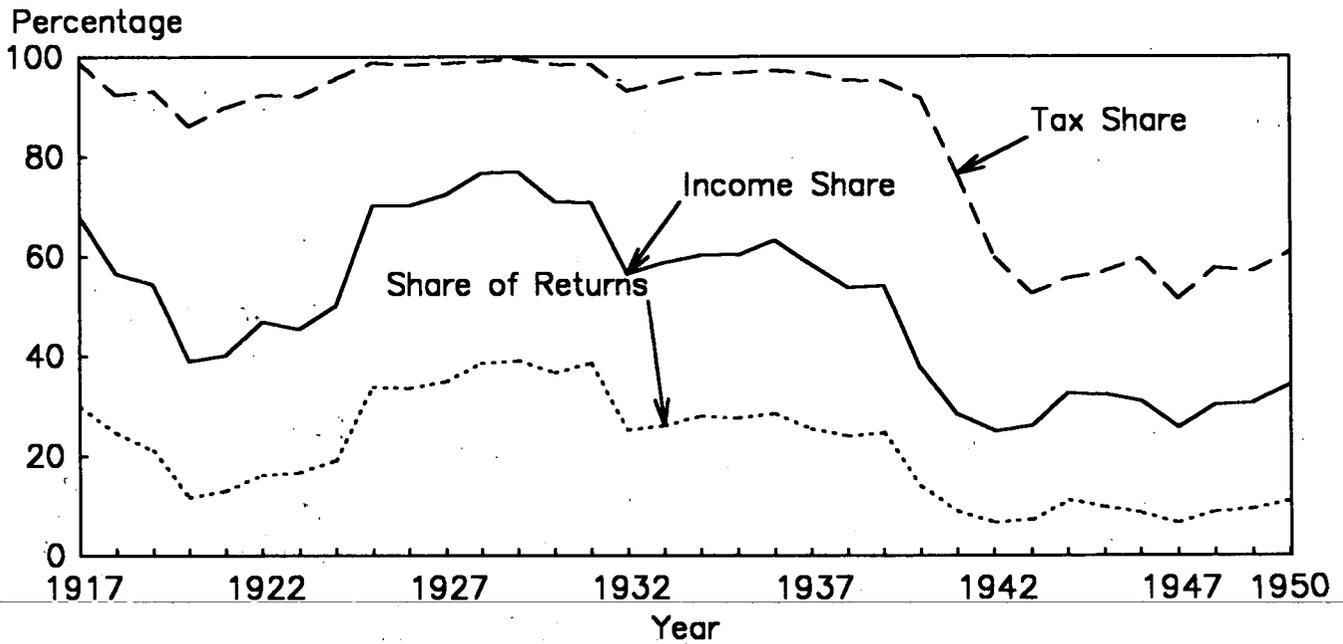


Figure E.
Returns with Income of \$25,000 or More:
Share of All Returns, Income and Tax, 1951-1986

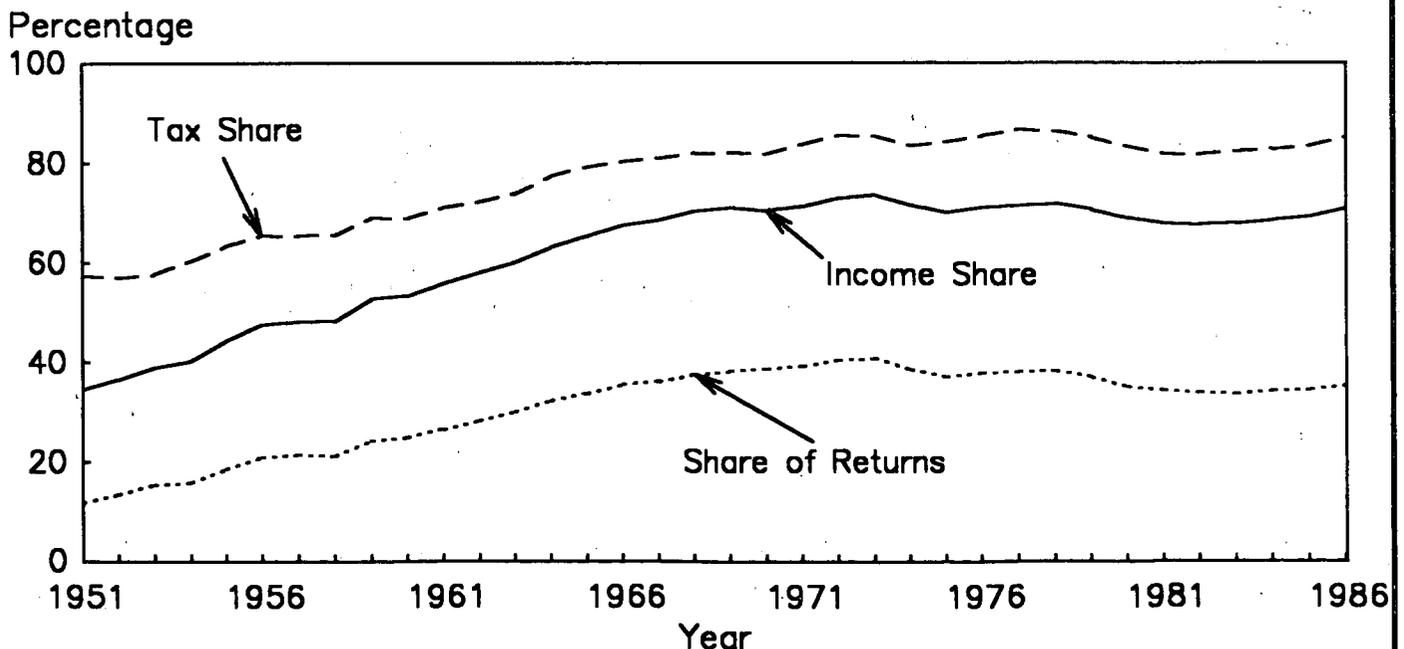


Figure F.
All Returns and Returns with Income of \$25,000 or More:
Average Tax Rates, 1916-1950

Percentage

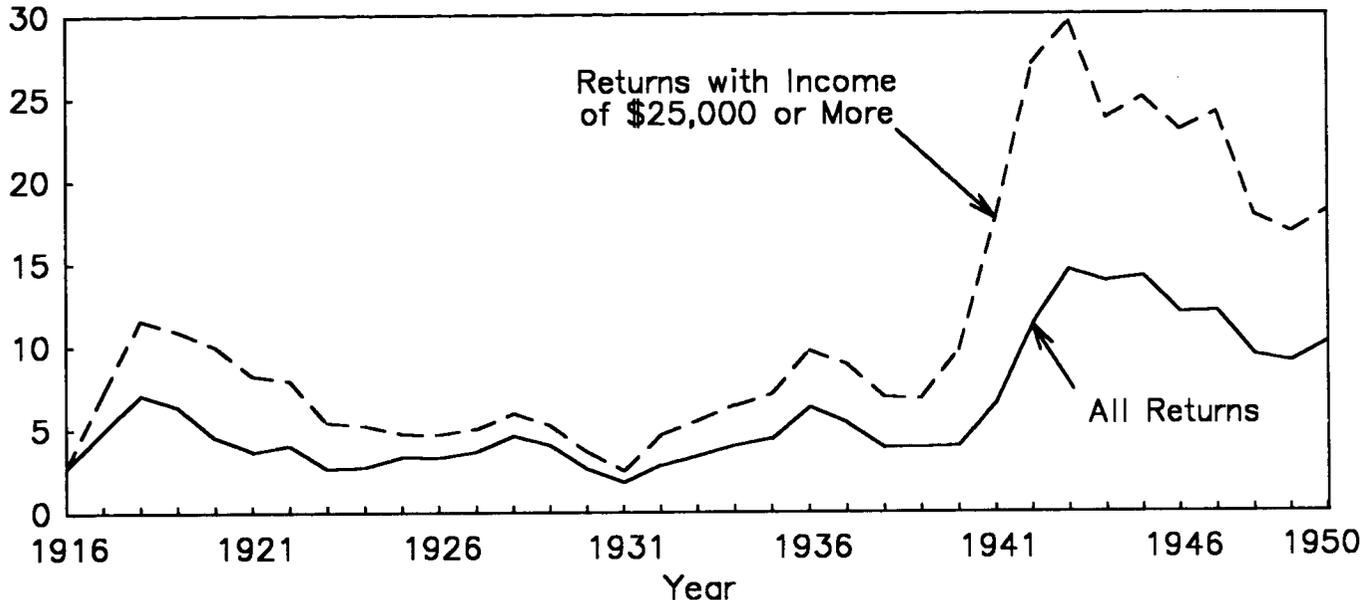
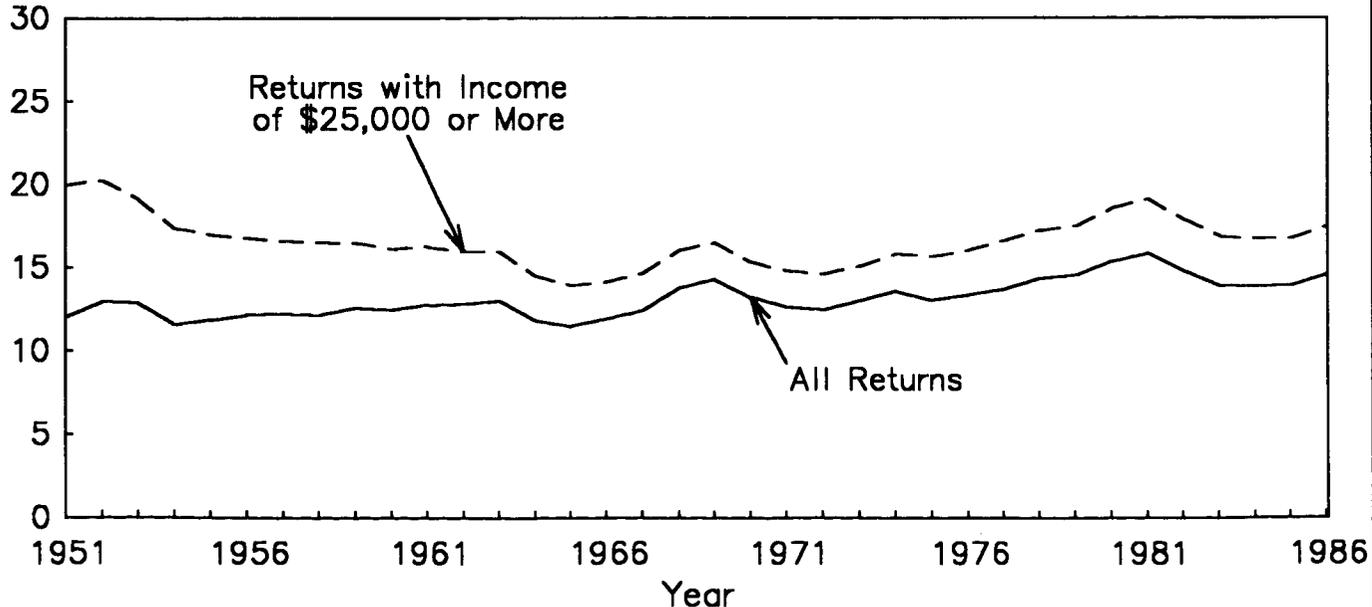


Figure G.
All Returns and Returns with Income of \$25,000 or More:
Average Tax Rates, 1951-1986

Percentage



1951 to 1986, but to show how these data relate to the earlier years in the time series. Before proceeding to this brief illustration, three general points should be made:

- Confining attention to returns constituting a fixed percentage of the total U.S. population (as is done in Table 6) may be the best device used in the tables to increase year-to-year comparability; even so, difficulties remain. For example, the number of exemptions generally claimed on returns (an indicator of the number of individuals represented by the returns) may have been changing; this has not been studied as yet.
- Comparisons in Table 6 (and in Tables 2 through 5) are all relative to the base of returns with income of \$25,000 or more. For some statistics, like tax shares, this is an extremely important consideration; for others, like tax rates, it does not matter at all.
- Finally, the top 200 returns per 100,000 U.S. population constitute a very small fraction of the income distribution and movements in this upper tail may be different from movements elsewhere; hence, any conclusions about this select group may not apply to the population as a whole.

Tax rates and tax shares were not constant over the 1916 to 1950 period. During the early part of the period, returns in the top 0.2 percent group were subject to very low tax rates, although their share of reported tax was quite high (see Figure H). In the early 1940's, however, tax rates increased sharply, while the tax shares of the group fell. The latter part of the 1916 to 1950 period was generally characterized by falling tax rates and constant tax shares.

In the 1951 to 1986 period, after an increase to 38.52 percent for 1952, average tax rates fell slightly and then were fairly constant, averaging over 34 percent (see Figure I). The tax share of the group declined in most years, from 43.19 percent for 1951 to 15.89 percent for 1981. After 1981, the tax share of the group increased steadily, reaching 23.87 percent for 1986, the highest it had been since 1961 [9].

ONGOING RESEARCH

The value of the data presented here and in the earlier article will be greatly enhanced when some of their limitations are addressed. A report on this work is currently scheduled for publication in an upcoming issue of the *SOI Bulletin*. This section contains a brief overview of those efforts.

Work to mitigate data limitations includes the development and application of a standardized income concept. Tax law changes have resulted in inconsistencies in the

income concept over the 1916 to 1986 period. In their current form, the data presented so far are not particularly useful for evaluating changes in the distribution of income, because they have not been adjusted for these changes in the composition of income. (That is one reason why tax shares, rather than income shares, have been emphasized.) As discussed in the previous article, the most serious inconsistency was introduced in (tax year) 1944, when adjusted gross income (AGI) was adopted in place of net income, as the income size classifier. Consequently, data for 1943 and earlier are not precisely comparable to data for later years. Cross-tabulations of AGI and net income are, however, available for a number of years after 1943; these and other data are being used to simulate how the net income distributions for 1944 and thereafter would look [10].

Other inconsistencies in the income concept will be addressed as well; for example, removing capital gains and losses from the computation of net or adjusted gross income would mitigate the problems caused by the many changes in their treatment over time. The data base will also be augmented by the addition of detail regarding the sources of income and deductions for each year.

The use of previously published tabulated data has been emphasized in these first two articles; however, there are also microdata files available for 1960 and most years thereafter. Adjusting for changes in the tax treatment of various items over time would allow for the creation of simulated microdata for earlier years. To accomplish this, the available microdata for a later year would be adjusted so that they conform to the tax treatment applicable to the earlier year for which data are needed; then they would be reweighted to agree with the aggregates tabulated for the earlier year. These reweighted data would serve as microdata for the earlier year.

Work to evaluate the tax and income shares of constant percentiles of the income distribution is now underway. This approach is more appropriate than using the constant dollar income cutoff now employed, because it takes into account real changes in the income distribution. Finally, an analysis of the sensitivity of the estimates to the use of various price indices is planned.

DEFINITION OF TERMS

Three items were obtained from the old SOI volumes for this study: the number of returns, income and tax liability, all distributed by size of income. These terms are defined below, essentially as they were in Part I.

Returns.—Joint returns have been allowed since the inception of the individual income tax. (However, income-splitting, whereby couples pay twice the tax computed on

Figure H.
Returns Accounting for the Top 0.2 Percent
of U.S. Population: Federal Income Tax Share
and Average Income Tax Rate, 1916-1950

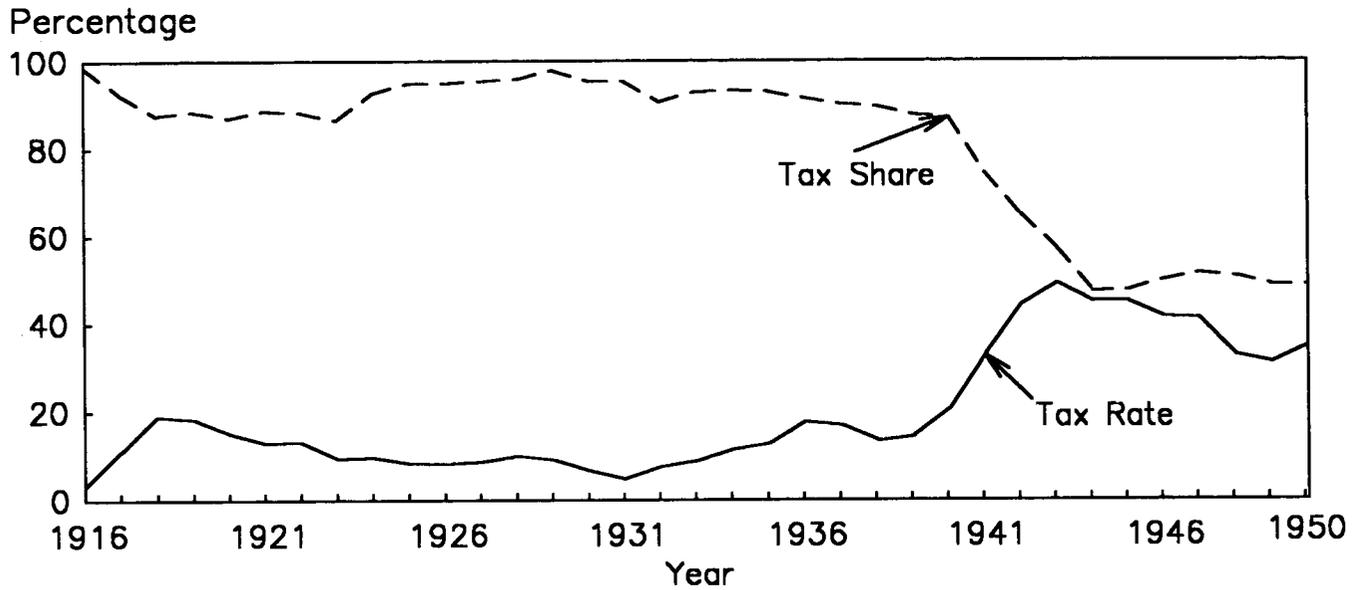
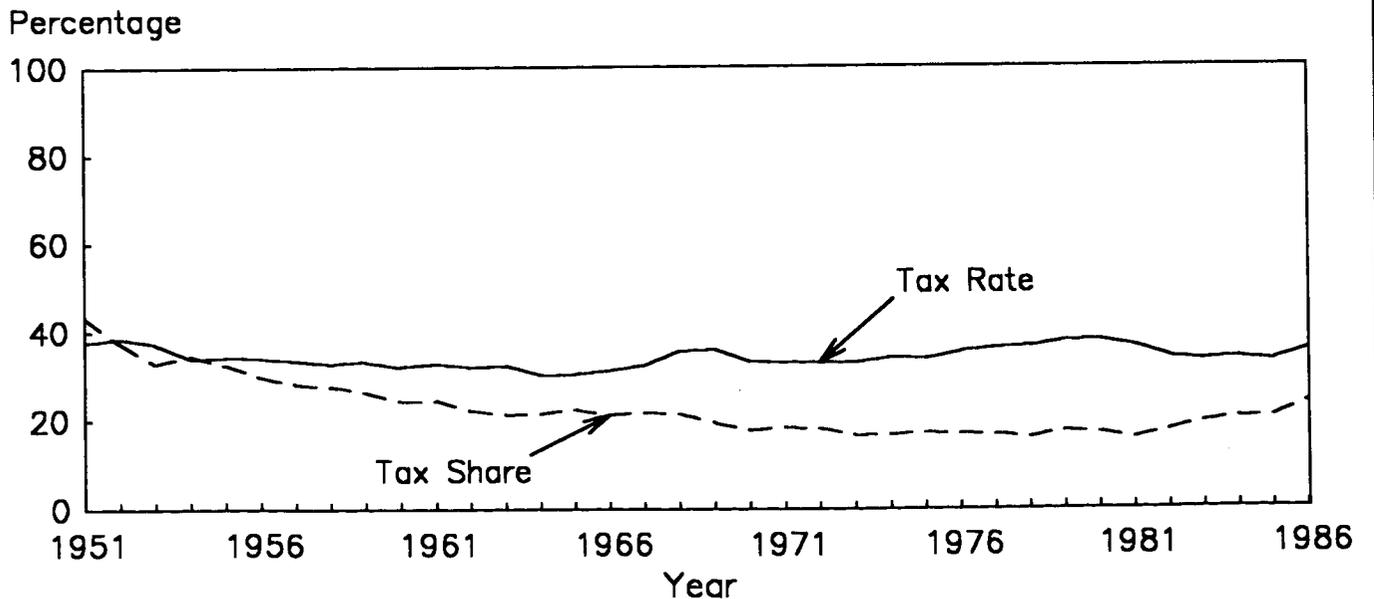


Figure I.
Returns Accounting for the Top 0.2 Percent
of U.S. Population: Federal Income Tax Share
and Average Income Tax Rate, 1951-1986



one-half of their combined income and thus are subjected to lower tax rates, was not instituted until 1948.) The law also provided for returns for single persons and married persons filing separately. Head of household returns were introduced in 1952 and special returns for surviving spouses were added in 1954 [11]. Figure J provides information on the many changes in the filing requirements that have occurred over the 1916 to 1986 period [12]. An artificial, indexed filing threshold of \$25,000 or more in 1986 dollars was introduced to adjust for the fluctuations in the filing thresholds.

Prior to 1928, returns with deficits in income were not tabulated. To preserve the comparability of the data over the entire time series, returns with deficits in Adjusted Gross Income (or net income, prior to 1944) are excluded from data for all years, even though they are available in the original SOI publications for 1928 and thereafter. These omitted returns constitute a very small percentage of total filings—less than 1 percent, for the most part, and this omission does not affect the estimates on Tables 2 through 6 at all.

Income.—The income concept applicable to 1951 through 1986 is adjusted gross income (AGI). Introduced in 1944, AGI is generally defined as gross income less (1) allowable trade and business deductions, (2) travel, lodging and other reimbursed expenses connected with employment, (3) deductions attributable to rents and royalties, (4) deductions for depreciation and depletion allowable to beneficiaries of property held in trust, and (5) allowable losses from sales of property. (Personal deductions, such as those for medical expenses, personal interest paid and charitable contributions, are not subtracted from income until later, when the net income of itemizers is computed.)

The precise definition of AGI did change fairly often during this period, as various tax laws were enacted. The treatment of capital gains and losses was altered the most frequently, although other sources of income were included or exempted from time to time, as well. SOI data suggest that the definitional changes that occurred in the gross income concept did not greatly affect the distribution of returns with income of \$25,000 or more in 1986 dollars in the 1916 to 1950 period. However, the increasing frequency of significant tax law changes in the 1950 to 1986 period make these assertions more problematic. As noted in the previous section, research into the construction of an income classifier that is more consistently applicable to the entire data series is underway.

Income Tax.—The computation of the income tax changed repeatedly over the 1951 to 1986 period. In this article, tax refers to the total Federal individual income tax liability less tax credits. The tax includes the normal tax and surtax (called regular tax beginning in 1971), the optional

Figure J.—Income Tax Return Filing Requirements in 1986 Dollars, Tax Years 1916-1986

Year	Married Filing Jointly		Single	
	Net Income	Gross Income ¹	Net Income	Gross Income
	(1)	(2)	(3)	(4)
1916	\$ 30,000	N/A	\$ 30,000	N/A
1917	17,094	N/A	8,547	N/A
1918	14,599	N/A	7,299	N/A
1919	12,658	N/A	6,329	N/A
1920	10,929	N/A	5,464	N/A
1921	12,270	\$ 30,675	6,135	\$ 30,675
1922	13,072	32,680	6,536	32,680
1923	12,821	32,051	6,410	32,051
1924	16,026	32,051	6,410	32,051
1925	21,875	31,250	9,375	31,250
1926	21,739	31,056	9,317	31,056
1927	22,152	31,646	9,494	31,646
1928	22,436	32,051	9,615	32,051
1929	22,436	32,051	9,615	32,051
1930	23,026	32,895	9,868	32,895
1931	25,180	35,971	10,791	35,971
1932	20,000	40,000	8,000	40,000
1933	21,186	42,373	8,475	42,373
1934	20,492	40,984	8,197	40,984
1935	20,000	40,000	8,000	40,000
1936	19,841	39,683	7,937	39,683
1937	19,084	38,168	7,634	38,168
1938	19,531	39,063	7,813	39,063
1939	19,685	39,370	7,874	39,370
1940	N/A	15,625	N/A	6,250
1941	N/A	11,194	N/A	5,597
1942	N/A	8,054	N/A	3,356
1943	N/A	7,595 ²	N/A	3,165
1944	N/A	3,125 ¹	N/A	3,125
1945	N/A	3,049	N/A	3,049
1946	N/A	2,809	N/A	2,809
1947	N/A	2,451	N/A	2,451
1948	N/A	2,727	N/A	2,727
1949	N/A	2,765	N/A	2,765
1950	N/A	2,727	N/A	2,727
1951	N/A	2,532	N/A	2,532
1952	N/A	2,479	N/A	2,479
1953	N/A	2,459	N/A	2,459
1954	N/A	2,449	N/A	2,449
1955	N/A	2,459	N/A	2,459
1956	N/A	2,419	N/A	2,419
1957	N/A	2,335	N/A	2,335
1958	N/A	2,273	N/A	2,273
1959	N/A	2,256	N/A	2,256
1960	N/A	2,222	N/A	2,222
1961	N/A	2,198	N/A	2,198
1962	N/A	2,174	N/A	2,174
1963	N/A	2,151	N/A	2,151
1964	N/A	2,120	N/A	2,120
1965	N/A	2,083	N/A	2,083
1966	N/A	2,027	N/A	2,027
1967	N/A	1,967	N/A	1,967
1968	N/A	1,893	N/A	1,893
1969	N/A	1,796	N/A	1,796
1970	N/A	6,497 ¹	N/A	4,802
1971	N/A	6,233	N/A	4,607
1972	N/A	7,330	N/A	5,366
1973	N/A	6,914	N/A	5,062
1974	N/A	6,222	N/A	4,556
1975	N/A	6,925	N/A	4,786
1976	N/A	6,936	N/A	4,721
1977	N/A	8,499	N/A	5,335
1978	N/A	7,899	N/A	4,958
1979	N/A	8,157	N/A	4,985
1980	N/A	7,181	N/A	4,388
1981	N/A	6,514	N/A	3,981
1982	N/A	6,136	N/A	3,750
1983	N/A	5,941	N/A	3,630
1984	N/A	5,702	N/A	3,485
1985	N/A	5,729	N/A	3,496
1986	N/A	5,830	N/A	3,560

¹ Prior to 1944, the net income and gross income filing thresholds were applied to the combined income of the couple. For 1944 through 1969, the gross income filing criterion applied to income earned by either spouse. Beginning in 1970, the filing criterion again applies to the total gross income of the couple.

² Or \$3,949 earned by one spouse only, for purpose of the victory tax.

N/A—not applicable.

tax paid in lieu of surtax and normal tax, the alternative tax on capital gains income, the surcharge in effect for 1968 through 1972 and the alternative minimum tax effective in 1970 and thereafter. It does not include self-employment taxes, social security taxes, taxes from recomputing prior-year investment or work incentive credits, or State and local assessments [13].

NOTES AND REFERENCES

- [1] Scheuren, Fritz and McCubbin, Janet, "Individual Income Tax Shares and Average Tax Rates, Tax Years 1916-1950," *Statistics of Income Bulletin*, Volume 8, Number 3, 1989.
- [2] The Consumer Price Index, produced monthly by the Bureau of Labor Statistics, is a Laspeyres index; that is, it is a ratio of incomes needed in different years to purchase the base year's representative group of goods. For a recently published series, see U.S. Department of Commerce, Bureau of the Census, *Statistical Abstract of the United States: 1988*. The CPI might not be the most appropriate price index to use to convert these data to 1986 dollars, but it was the most readily available index extending back to 1916. A study of the use of alternative indices is planned.
- [3] "Income" is adjusted gross income (AGI). (Prior to 1944, SOI data are classified by net income, a less inclusive concept than AGI. This makes comparisons across this year problematic, as discussed in the Ongoing Research section of this article.) The amount \$25,000 was chosen because it is roughly the lowest level that can serve as an artificial filing requirement common to all years from 1916 through 1986. In fact, for 1916 and 1931, the net income filing threshold in 1986 dollars for joint returns is actually above the \$25,000 cutoff.
- [4] The basic approach taken was to employ "spline fitting" procedures to the tabulated income data. For a review of this area of statistical application, see Ramsay, J. O., "Monotone Regression Splines in Action," *Statistical Science*, Vol. 3, No. 4, 1988. For examples of applications of the procedure, see Oh, H. Lock and Scheuren, Fritz, "Osculatory Interpolation Revisited," *Statistics of Income and Related Administrative Record Research: 1986-1987*, U.S. Department of the Treasury, Internal Revenue Service; and Oh, H. Lock, "Osculatory Interpolation with a Monotonicity Constraint," *1977 Proceedings of the American Statistical Association, Section on Statistical Computing*, 1978.
- [5] Information on the U.S. resident population was obtained from U.S. Department of Commerce, Bureau of the Census, *Current Population Reports*, series P-25, as cited in U.S. Department of Commerce, Bureau of the Census, *Statistical Abstract of the United States, 1988*, December 1987.
- [6] Pechman, Joseph A., *Federal Tax Policy* (5th edition), The Brookings Institution, 1987. See also, Pechman, Joseph A., *Who Paid the Taxes, 1966-85?*, The Brookings Institution, 1985.
- [7] U.S. Department of Commerce, Bureau of the Census, *Money, Income and Poverty in the United States*, Series P-60.
- [8] See U.S. Department of Commerce, Bureau of Economic Analysis, "Relationship Between Personal Income and Adjusted Gross Income: Revised Estimates, 1947-83," *Survey of Current Business*, May 1986, and "Relationship Between Personal Income and Adjusted Gross Income, 1983-85," *Survey of Current Business*, May 1987. For a more recent article on the reconciliation of the Bureau of Economic Analysis measure of personal income with AGI by source of income, see Park, Thae S. and Reeb, Jane S., "Personal Income and Adjusted Gross Income, 1984-1986," *Statistics of Income Bulletin*, Volume 8, Number 3, 1989.
- [9] The tax share of this group increased by 16 percent between 1985 and 1986. This unusually large increase reflects the increase in the realization of capital gains income, motivated by the elimination of the preferential tax treatment of such gains beginning with 1987. The recent increases in income and tax shares shown in these data are also reflected in other data from higher-income returns. See for example, U.S. Department of Treasury, "Changes in the Distribution of Federal Income Tax Payments Since 1981," *Treasury News*, April 5, 1988.
- [10] See Scheuren, Fritz and Oh, H. Lock, "Constant Income Distribution Percentile Estimation," *Statistics of Income and Related Administrative Record Research*, Internal Revenue Service, to be presented at the August 1989 meetings of the American Statistical Association.
- [11] Head of household returns were allowed for tax years beginning after October 31, 1951. Under this new filing classification, heads of households received approximately half of the income-splitting benefits accorded to a married couple. The 1954 Internal Revenue Code extended the full benefits of income splitting to widowed individuals, for two years following the death of a spouse, provided that the surviving spouse had not remarried and had a dependent child or stepchild.

[12] Higher filing requirements than those noted in Figure J were introduced for aged individuals in 1954 and for widowed individuals in 1975. A lower filing requirement applicable to self-employed individuals was introduced in 1951, to facilitate the collection of their social security taxes. See the first article in this series, Scheuren, Fritz and McCubbin, Janet, "Individual Income Tax Shares and Average Tax Rates, Part I: 1916-1950," *Statistics of Income Bulletin*, Winter

1988-89, for more detailed information on the operation of the filing requirements during 1916 to 1950.

[13] The self-employment tax (mandated by the Social Security Act Amendments of 1950) is included in the income tax data for 1951 through 1953. This inconsistency is not a serious problem as the self-employment tax constituted less than 1 percent of the total tax in each year, and well over half of the self-employment tax was reported on returns with less than \$25,000 or more in 1986 dollars.

Individual Income Tax Shares, 1951-1986

Table 1.—Returns with Adjusted Gross Income: Number of Returns, Income, and Federal Income Tax, by Size of Adjusted Gross Income, Tax Years 1951-1986

[All figures are estimates—money amounts are in current dollars]

Tax Year	Total	Size of adjusted gross income										
		Under \$10,000	\$10,000 under \$15,000	\$15,000 under \$25,000	\$25,000 under \$50,000	\$50,000 under \$75,000	\$75,000 under \$100,000	\$100,000 under \$250,000	\$250,000 under \$500,000	\$500,000 under \$750,000	\$750,000 under \$1,000,000	\$1,000,000 or more
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	
Part I — Number of returns												
1951.....	55,042,597	53,428,308	831,910	450,726	243,542	49,858	17,598	2,172	389	134	171	
1952.....	56,107,089	54,311,136	983,218	483,580	245,875	49,015	16,388	1,722	304	112	148	
1953.....	57,415,885	55,414,329	1,160,137	518,098	247,317	45,314	14,986	1,329	264	109	145	
1954.....	56,306,704	54,177,685	1,217,149	555,313	267,447	53,208	17,192	16,257	1,457	319	201	
1955.....	57,818,164	55,252,839	1,518,296	636,278	311,324	58,104	19,500	18,664	2,264	468	267	
1956.....	58,798,843	55,686,142	1,921,229	733,029	346,396	67,190	21,980	19,754	2,254	440	272	
1957.....	59,407,673	55,916,801	2,213,510	794,606	366,399	71,878	21,543	19,917	2,211	411	223	
1958.....	58,700,924	54,875,502	2,488,095	852,994	369,939	69,762	21,953	19,709	2,190	390	244	
1959.....	59,838,162	55,054,936	3,208,968	1,008,897	422,663	87,880	26,972	24,106	2,738	534	280	
1960.....	60,592,712	55,274,088	3,641,612	1,109,816	441,401	77,570	23,702	20,710	2,772	533	306	
1961.....	61,067,589	55,058,728	4,125,222	1,246,842	496,591	84,528	25,948	24,825	3,522	713	398	
1962.....	62,290,595	55,210,606	4,940,130	1,453,622	537,511	93,403	28,149	23,104	2,894	610	211	
1963.....	63,511,244	55,392,750	5,664,051	1,697,998	594,562	102,186	30,199	25,194	3,117	599	355	
1964.....	64,943,285	55,465,669	6,609,927	2,004,354	667,605	122,205	37,024	30,858	4,088	809	482	
1965.....	67,198,928	56,093,716	7,714,561	2,394,605	761,123	144,244	44,666	38,906	5,057	1,011	393	
1966.....	69,786,185	56,378,427	9,262,594	2,998,155	875,461	166,795	51,587	45,317	5,627	1,152	426	
1967.....	71,282,524	55,849,365	10,385,432	3,693,175	1,026,924	197,849	62,758	56,803	7,287	1,517	579	
1968.....	73,347,156	54,895,969	11,985,301	4,841,999	1,239,870	227,471	74,323	69,469	8,998	1,885	749	
1969.....	75,375,731	53,604,136	13,649,392	6,258,297	1,453,385	250,206	78,204	69,922	8,469	1,832	677	
1970.....	73,862,448	50,193,718	14,106,019	7,447,620	1,686,423	268,159	82,819	68,258	7,039	1,277	474	
1971.....	74,146,785	48,168,905	14,604,270	8,831,489	2,046,409	307,704	96,988	79,609	8,336	1,590	602	
1972.....	77,132,295	47,698,731	15,364,155	10,867,141	2,603,955	365,425	118,252	100,446	10,494	1,934	732	
1973.....	80,248,984	47,175,747	15,804,109	13,034,994	3,501,828	452,567	144,096	120,294	11,811	1,938	697	
1974.....	82,794,391	46,807,491	15,670,258	15,015,882	4,433,796	530,008	170,520	147,657	14,489	2,395	799	
1975.....	81,585,541	44,210,976	14,963,680	15,951,651	5,491,873	592,310	189,096	165,991	15,551	2,446	843	
1976.....	84,123,626	43,281,944	14,551,350	17,846,813	7,268,582	721,481	226,553	202,006	19,493	3,002	1,045	
1977.....	86,066,234	42,037,048	14,299,206	19,171,687	9,138,956	872,076	268,708	247,002	24,534	3,900	1,332	
1978.....	89,247,480	41,297,402	14,241,599	19,961,549	11,921,709	1,134,217	337,189	313,119	32,074	4,880	1,701	
1979.....	92,152,198	39,986,321	14,433,255	20,406,565	14,984,576	1,466,988	423,380	393,768	44,330	7,422	2,482	
1980.....	93,238,823	37,762,880	14,303,041	20,256,254	17,787,457	2,033,079	535,348	488,473	55,410	9,192	3,275	
1981.....	94,586,878	35,588,009	14,193,160	20,115,330	20,593,007	2,796,836	645,884	569,768	64,840	10,992	3,766	
1982.....	94,426,498	34,080,953	14,306,781	20,338,115	22,201,113	3,057,266	702,064	631,847	79,270	15,999	5,482	
1983.....	95,330,713	33,674,137	13,877,639	19,618,146	22,926,204	3,591,188	822,840	692,722	91,568	18,315	7,154	
1984.....	98,435,000	32,688,415	14,061,086	20,299,849	24,673,551	4,657,702	1,049,444	845,114	115,790	20,911	8,304	
1985.....	100,625,484	32,205,638	13,948,518	20,578,265	25,795,151	5,628,639	1,263,409	1,007,733	139,712	30,094	11,013	
1986.....	102,087,623	31,897,926	13,706,052	20,511,682	26,507,406	6,427,825	1,546,776	1,242,082	164,457	40,303	11,255	
Part II — Adjusted gross income (in thousand dollars)												
1951.....	203,097,033	168,013,522	9,924,828	8,526,519	8,207,748	2,992,692	1,508,271	2,514,744	714,375	234,010	115,684	
1952.....	216,087,449	179,337,023	11,679,763	9,109,674	8,295,828	2,938,212	1,402,476	2,191,219	565,220	182,351	96,459	
1953.....	229,863,409	191,140,843	13,741,746	9,745,863	8,312,483	2,714,364	1,282,606	1,917,560	479,727	158,867	94,087	
1954.....	230,235,855	188,190,533	14,410,918	10,469,849	8,948,868	3,186,404	1,470,202	2,256,980	601,011	191,705	103,400	
1955.....	249,429,182	199,583,406	17,923,575	11,983,500	10,432,488	3,482,173	1,669,520	2,615,846	753,131	280,659	137,319	
1956.....	268,583,814	210,254,178	22,570,293	13,762,517	11,644,008	4,025,631	1,879,832	2,744,688	744,078	263,971	135,017	
1957.....	281,308,431	217,719,945	25,995,133	14,887,781	12,227,673	4,294,714	1,838,585	2,768,105	731,140	247,583	125,444	
1958.....	282,166,418	214,354,163	29,214,191	15,936,877	12,327,929	4,174,031	1,876,021	2,701,702	722,531	234,305	120,419	
1959.....	306,616,924	223,093,163	37,688,216	18,794,983	14,163,567	5,256,191	2,302,666	3,318,478	911,395	320,578	161,164	
1960.....	316,557,566	226,824,771	42,804,643	20,599,424	14,727,469	4,636,640	2,024,138	2,912,639	922,593	320,653	173,323	
1961.....	330,935,737	229,262,934	48,552,831	23,089,004	16,593,690	5,050,783	2,217,149	3,525,427	1,175,858	429,203	233,316	
1962.....	349,860,992	233,406,642	58,229,726	26,836,524	17,926,263	5,581,812	2,402,677	3,253,105	960,235	366,350	180,479	
1963.....	370,270,618	237,685,149	66,933,670	31,242,324	19,807,300	6,102,064	2,576,735	3,528,958	1,039,836	359,881	186,062	
1964.....	398,212,082	242,683,250	78,290,817	36,895,621	22,442,357	7,301,548	3,161,594	4,327,620	1,379,638	484,934	225,473	
1965.....	430,663,209	247,327,176	91,767,810	43,952,575	25,630,312	8,624,108	3,816,258	5,466,257	1,698,240	608,676	337,470	
1966.....	470,271,721	250,362,762	110,563,910	54,865,774	29,410,491	9,972,648	4,407,193	6,365,402	1,873,342	692,359	365,945	
1967.....	506,641,750	249,571,343	124,433,259	67,472,666	34,447,648	11,837,475	5,365,256	7,979,073	2,439,946	913,208	496,772	
1968.....	556,304,956	245,422,366	144,542,748	88,193,402	41,194,949	13,625,431	6,357,335	9,751,629	3,032,732	1,135,858	643,607	
1969.....	605,578,947	239,396,919	165,612,408	114,282,679	47,738,055	14,967,103	6,681,885	9,748,551	2,844,583	1,102,161	580,292	
1970.....	634,250,263	233,168,903	171,901,125	136,720,064	54,981,397	16,031,286	7,075,626	9,439,446	2,338,798	767,002	407,211	
1971.....	676,334,157	224,484,038	178,703,419	162,838,887	66,490,399	18,403,253	8,291,638	11,031,315	2,775,997	956,190	516,734	
1972.....	748,924,766	221,081,046	188,662,820	201,702,440	83,994,698	21,863,214	10,119,810	13,932,251	3,475,844	1,162,495	628,765	
1973.....	830,653,262	215,843,375	195,418,252	243,627,174	112,304,794	27,051,016	12,331,413	16,607,383	3,901,239	1,162,568	597,915	
1974.....	910,803,193	216,067,969	194,265,937	283,251,267	141,441,152	31,671,878	14,603,191	20,419,851	4,790,534	1,434,245	684,039	
1975.....	954,089,428	206,226,355	185,639,765	303,278,697	174,792,794	35,343,138	16,207,721	22,943,805	5,124,600	1,464,874	723,073	
1976.....	1,060,805,805	204,043,774	180,687,555	342,075,598	231,677,673	42,989,531	19,426,192	27,914,148	6,430,758	1,798,298	896,261	
1977.....	1,165,776,871	199,563,767	177,144,037	371,196,620	293,506,676	51,879,891	23,051,734	34,308,397	8,031,524	2,335,269	1,142,142	
1978.....	1,309,918,740	198,863,595	176,530,628	389,736,172	385,792,144	67,363,846	28,919,630	43,683,077	10,540,883	2,922,445	1,460,041	
1979.....	1,474,781,367	197,592,502	178,809,258	400,198,732	490,609,539	86,044,336	36,318,472	55,019,187	14,702,035	4,445,371	2,125,809	
1980.....	1,626,554,502	186,367,549	177,118,036	398,909,400	593,763,612	120,009,700	45,918,079	68,571,693	18,363,213	5,513,397	2,809,728	
1981.....	1,791,115,518	178,276,936	175,644,230	395,75								

Individual Income Tax Shares, 1951-1986

Table 1.—Returns with Adjusted Gross Income: Number of Returns, Income, and Federal Income Tax, by Size of Adjusted Gross Income, Tax Years 1951-1986—Continued

[All figures are estimates—money amounts are in current dollars]

Tax Year	Total	Size of adjusted gross income										
		Under \$10,000	\$10,000 under \$15,000	\$15,000 under \$25,000	\$25,000 under \$50,000	\$50,000 under \$75,000	\$75,000 under \$100,000	\$100,000 under \$250,000	\$250,000 under \$500,000	\$500,000 under \$750,000	\$750,000 under \$1,000,000	\$1,000,000 or more
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	
Part III — Federal income tax (in thousand dollars)												
1951.....	24,438,743	14,911,030	1,608,077	1,747,428	2,310,505	1,127,047	652,525	1,252,304	404,715	141,470	69,988	213,654
1952.....	28,019,853	17,866,760	2,039,543	2,018,607	2,505,913	1,194,708	618,013	1,108,638	322,505	106,681	58,287	180,198
1953.....	29,656,666	19,490,208	2,374,153	2,127,730	2,472,787	1,088,909	557,355	956,744	270,269	92,463	56,550	169,498
1954.....	26,665,753	16,716,333	2,185,166	2,008,939	2,342,514	1,141,508	567,202	1,027,230	299,702	99,496	55,289	222,374
1955.....	29,613,722	18,082,248	2,692,340	2,269,352	2,708,075	1,223,749	628,718	1,144,270	364,136	139,776	70,072	290,986
1956.....	32,732,132	19,604,015	3,369,114	2,578,798	3,009,248	1,416,627	712,003	1,193,578	358,060	132,478	69,977	288,234
1957.....	34,393,639	20,512,276	3,851,830	2,759,233	3,104,270	1,483,353	689,840	1,210,240	350,218	123,682	77,049	231,648
1958.....	34,335,652	20,004,839	4,291,393	2,925,605	3,101,822	1,416,968	689,690	1,160,815	336,420	113,408	61,533	233,159
1959.....	38,645,299	21,289,310	5,477,515	3,417,524	3,540,277	1,782,624	844,468	1,387,542	412,874	149,242	76,157	267,766
1960.....	39,464,156	21,636,147	6,158,538	3,685,038	3,597,608	1,544,881	728,455	1,201,506	405,885	145,286	80,287	280,525
1961.....	42,225,498	21,994,195	6,950,821	4,122,087	4,066,629	1,684,142	799,414	1,455,398	514,567	191,697	104,894	341,654
1962.....	44,902,840	22,680,031	8,247,732	4,687,476	4,308,594	1,833,017	851,977	1,325,347	414,910	162,003	80,858	310,895
1963.....	48,203,580	23,216,149	9,430,420	5,421,882	4,755,246	2,004,563	915,612	1,439,648	450,570	160,321	82,692	326,477
1964.....	47,152,855	20,612,554	9,792,079	5,932,669	4,658,721	2,158,659	1,045,584	1,646,728	573,470	206,009	99,763	426,619
1965.....	49,529,695	19,770,996	10,711,983	6,613,863	5,014,919	2,438,323	1,215,797	2,046,017	706,085	258,847	149,558	603,307
1966.....	56,087,084	20,666,807	12,981,170	8,229,525	5,757,896	2,842,315	1,386,260	2,383,481	792,527	297,089	159,940	590,074
1967.....	62,919,958	21,069,194	14,627,244	10,104,088	6,739,050	3,369,311	1,685,211	2,984,995	1,028,936	389,486	215,157	707,286
1968.....	76,637,903	22,634,962	18,297,798	13,685,144	8,778,579	4,102,966	2,101,985	3,843,475	1,333,067	505,941	291,406	1,062,580
1969.....	86,568,216	22,897,341	21,574,723	18,082,796	10,206,166	4,516,818	2,216,741	3,867,273	1,271,825	493,780	264,079	1,176,674
1970.....	83,900,714	20,285,376	20,633,618	19,872,723	10,762,850	4,473,756	2,171,955	3,516,256	1,023,381	341,128	185,763	633,908
1971.....	85,397,545	17,018,516	19,929,817	22,192,781	12,208,720	4,885,312	2,428,928	3,995,660	1,206,343	439,321	246,969	845,178
1972.....	93,563,915	15,456,420	19,985,875	26,498,058	14,905,193	5,647,051	2,881,343	4,866,577	1,467,983	516,968	292,174	1,046,273
1973.....	108,068,052	15,489,719	21,235,898	32,128,057	19,806,450	6,897,451	3,470,016	5,762,253	1,639,983	518,950	281,638	837,637
1974.....	123,591,234	15,949,559	21,508,538	37,891,674	24,784,070	8,098,373	4,133,704	7,177,514	2,047,548	631,444	318,227	1,050,583
1975.....	124,511,769	11,911,131	19,178,332	38,207,089	29,616,827	8,852,102	4,509,822	7,990,300	2,181,848	637,182	329,482	1,097,654
1976.....	141,762,538	10,957,645	17,959,309	42,174,650	38,936,465	10,808,623	5,448,156	9,927,041	2,834,722	829,125	438,930	1,447,872
1977.....	159,746,443	9,066,456	16,840,174	46,018,577	49,311,127	12,958,208	6,433,082	12,117,060	3,518,836	1,064,517	555,967	1,862,439
1978.....	188,169,089	9,440,139	17,129,707	48,730,169	64,718,179	16,463,525	7,916,877	15,199,322	4,553,833	1,310,154	691,987	2,015,197
1979.....	214,424,047	8,881,692	16,957,735	48,395,952	78,456,623	19,753,175	10,057,784	18,609,594	6,265,090	1,967,392	1,005,202	4,073,808
1980.....	250,240,231	8,378,584	17,063,315	49,578,802	96,589,734	27,208,647	12,549,071	23,063,629	7,685,007	2,410,782	1,302,909	4,409,751
1981.....	283,993,046	7,974,512	16,938,334	49,754,371	115,067,289	36,299,454	14,715,265	25,657,391	8,598,298	2,708,418	1,392,258	4,887,456
1982.....	277,470,222	6,962,695	15,024,141	43,655,982	112,847,567	35,892,383	14,594,818	26,234,507	9,666,497	3,400,561	1,822,284	7,368,787
1983.....	274,055,710	6,148,100	13,194,941	40,233,972	106,983,180	38,352,897	15,392,973	26,814,572	10,812,829	4,072,390	2,391,092	9,658,764
1984.....	301,504,197	5,863,563	12,791,831	39,476,049	111,073,473	47,355,174	18,759,377	31,261,303	13,276,297	4,681,030	2,845,555	14,120,545
1985.....	325,524,855	5,479,437	12,182,587	38,494,893	114,212,270	56,064,781	21,794,656	35,950,773	15,739,142	6,347,995	3,530,193	15,728,128
1986.....	366,978,730	4,899,307	11,438,532	38,223,446	117,223,687	62,459,834	26,280,965	45,513,278	18,842,655	9,030,823	3,897,295	29,168,908

See notes at end of tables.

Individual Income Tax Shares, 1951-1986

Table 2.—Returns with Adjusted Gross Income \$25,000 or more in 1986 Dollars: Number of Returns, Income, and Federal Income Tax, Cumulated by Federal Income Tax Share Groups, Tax Years 1951-1986

[All figures are estimates—money amounts are in 1986 dollars]

Tax year	Returns		Adjusted gross income (thousand dollars)	Federal income tax (thousand dollars)	Mean income		Average income tax (dollars)	Minimum income cutoff (dollars)	Income share		Returns per 100,000 population	Average income tax rate (percent)	Income tax share (percent)
	Number	Percent of total			Before tax (dollars)	After tax (dollars)			Before tax (percent)	After tax (percent)			
Part I — Returns accounting for top 10 percent of Federal income tax													
1951.....	8,639	.13	10,497,421	5,894,485	1,215,090	532,796	682,294	632,087	3.56	1.95	5.61	56.15	10.00
1952.....	14,062	.19	12,071,426	6,587,285	858,462	390,006	468,456	459,632	3.72	2.12	8.99	54.57	10.00
1953.....	19,669	.22	13,545,306	7,002,355	688,667	332,655	356,012	372,727	3.71	2.22	12.37	51.70	10.00
1954.....	16,345	.18	13,528,417	6,552,734	827,663	426,769	400,894	432,367	3.59	2.24	10.10	48.44	10.00
1955.....	18,547	.17	16,443,874	7,686,120	886,615	472,197	414,417	440,576	3.64	2.33	11.24	46.74	10.00
1956.....	25,592	.21	19,017,498	8,637,747	743,112	405,591	337,522	384,895	3.70	2.43	15.23	45.42	10.00
1957.....	30,202	.24	19,588,300	8,744,497	648,580	359,045	289,536	345,261	3.72	2.47	17.64	44.64	10.00
1958.....	32,841	.27	19,788,727	8,512,361	602,570	343,367	259,203	323,966	3.85	2.63	18.86	43.02	10.00
1959.....	38,750	.27	23,820,642	10,005,172	614,722	356,526	258,196	326,748	3.93	2.73	21.88	42.00	10.00
1960.....	43,660	.29	24,498,685	10,049,857	561,119	330,937	230,182	289,574	3.93	2.76	24.26	41.02	10.00
1961.....	41,554	.26	26,602,385	10,977,560	640,186	376,011	264,175	313,662	3.94	2.76	22.71	41.27	10.00
1962.....	57,719	.33	29,476,092	11,734,442	501,985	302,144	199,840	265,450	4.01	2.87	31.61	39.81	10.00
1963.....	66,370	.35	32,199,654	12,727,304	485,153	293,391	191,763	257,478	4.04	2.91	35.21	39.53	10.00
1964.....	59,761	.29	33,676,503	12,863,703	563,515	348,264	215,251	288,678	3.80	2.75	31.27	38.20	10.00
1965.....	50,829	.23	34,815,994	13,593,782	684,957	417,518	267,439	333,269	3.57	2.53	26.26	39.04	10.00
1966.....	62,360	.25	39,124,857	15,196,452	627,403	383,714	243,689	315,766	3.65	2.60	31.89	38.84	10.00
1967.....	59,390	.23	41,796,908	16,671,144	703,772	423,065	280,707	346,742	3.68	2.59	30.08	39.89	10.00
1968.....	61,788	.23	46,612,066	19,781,640	754,383	434,231	320,152	359,229	3.79	2.60	30.99	42.44	10.00
1969.....	82,905	.29	50,777,112	21,231,028	612,475	356,386	256,089	297,825	3.95	2.75	41.17	41.81	10.00
1970.....	119,014	.42	51,265,390	19,348,596	430,750	268,176	162,574	238,679	4.07	2.99	58.34	37.74	10.00
1971.....	105,450	.36	50,146,006	19,320,784	475,543	292,321	183,222	255,618	3.85	2.78	50.98	38.53	10.00
1972.....	107,091	.34	54,346,280	20,896,046	507,477	312,353	195,124	269,610	3.81	2.74	51.17	38.45	10.00
1973.....	141,932	.43	60,958,182	22,735,336	429,490	269,305	160,185	242,481	4.05	2.99	67.15	37.30	10.00
1974.....	135,944	.43	58,547,034	22,890,459	430,671	262,289	168,382	241,476	4.05	2.93	63.72	39.10	10.00
1975.....	131,150	.43	54,473,778	21,325,987	415,356	252,748	162,608	234,573	4.00	2.89	60.87	39.15	10.00
1976.....	131,654	.41	56,545,677	23,305,323	429,504	252,484	177,020	239,690	3.90	2.73	60.51	41.22	10.00
1977.....	137,235	.42	60,267,571	25,028,611	439,156	256,778	182,378	242,054	4.00	2.81	62.45	41.53	10.00
1978.....	156,467	.46	66,723,479	27,256,561	426,438	252,238	174,200	237,133	4.23	3.02	70.45	40.85	10.00
1979.....	123,687	.36	64,907,091	27,516,544	524,768	302,299	222,469	266,221	4.13	2.89	55.07	42.39	10.00
1980.....	137,443	.42	66,240,184	27,693,519	481,947	280,456	201,491	248,209	4.45	3.18	60.48	41.81	10.00
1981.....	161,953	.50	70,865,613	28,033,735	437,569	264,471	173,098	223,514	4.84	3.61	70.53	39.56	10.00
1982.....	113,443	.36	68,478,993	25,775,393	603,641	376,431	227,209	277,477	4.75	3.61	48.90	37.64	10.00
1983.....	82,513	.26	65,331,546	24,776,874	791,770	491,493	300,278	345,805	4.45	3.32	35.22	37.92	10.00
1984.....	65,812	.20	67,704,219	26,331,979	1,028,748	628,641	400,108	425,604	4.30	3.16	27.83	38.89	10.00
1985.....	68,205	.20	73,717,853	27,661,244	1,080,827	675,267	405,560	467,251	4.46	3.35	28.57	37.52	10.00
1986.....	37,508	.10	77,689,558	31,241,745	2,071,297	1,238,355	832,943	837,265	4.34	3.15	15.56	40.21	10.00
Part II — Returns accounting for top 15 percent of Federal income tax													
1951.....	20,925	.32	16,674,733	8,841,727	796,874	374,334	422,540	419,576	5.65	3.32	13.59	53.02	15.00
1952.....	34,204	.46	19,505,001	9,880,927	570,251	281,371	288,880	310,016	6.01	3.72	21.87	50.66	15.00
1953.....	46,269	.53	21,613,446	10,503,532	467,124	240,115	227,009	256,600	5.92	3.76	29.11	48.60	15.00
1954.....	40,756	.46	21,960,466	9,829,101	538,827	297,658	241,169	289,406	5.82	3.89	25.18	44.76	15.00
1955.....	47,721	.45	26,572,468	11,529,179	556,831	315,235	241,596	287,671	5.88	4.01	28.91	43.39	15.00
1956.....	61,873	.51	30,321,620	12,956,621	490,059	280,654	209,405	263,259	5.90	4.06	36.81	42.73	15.00
1957.....	71,337	.56	31,152,313	13,116,746	436,692	252,822	183,870	240,020	5.92	4.11	41.67	42.11	15.00
1958.....	76,335	.62	31,330,754	12,768,541	410,439	243,168	167,270	226,363	6.09	4.33	43.83	40.75	15.00
1959.....	89,121	.61	37,354,680	15,007,759	419,145	250,748	168,397	230,492	6.16	4.41	50.31	40.18	15.00
1960.....	104,234	.69	38,808,563	15,074,785	372,321	227,697	144,624	200,834	6.22	4.54	57.91	38.84	15.00
1961.....	102,420	.63	41,845,254	16,466,340	408,566	247,793	160,773	210,383	6.20	4.49	55.97	39.35	15.00
1962.....	139,500	.79	47,103,242	17,601,662	337,658	211,481	126,177	186,246	6.41	4.78	75.09	37.37	15.00
1963.....	158,044	.83	51,612,895	19,090,956	326,572	205,777	120,795	180,915	6.48	4.86	83.85	36.99	15.00
1964.....	143,829	.69	53,523,670	19,295,554	372,134	237,978	134,156	201,399	6.04	4.52	75.25	36.05	15.00
1965.....	131,027	.58	56,131,877	20,390,674	428,398	272,776	155,621	223,293	5.76	4.26	67.71	36.33	15.00
1966.....	157,100	.64	63,138,999	22,794,678	401,903	256,806	145,096	213,741	5.89	4.39	80.33	36.10	15.00
1967.....	156,201	.61	68,226,761	25,006,716	436,787	276,694	160,993	227,257	6.00	4.46	79.11	36.65	15.00
1968.....	167,863	.61	76,133,780	29,672,461	453,546	276,780	176,765	229,093	6.18	4.50	84.18	38.97	15.00
1969.....	218,892	.76	82,775,177	31,846,541	378,156	232,666	145,490	196,464	6.44	4.75	108.69	38.47	15.00
1970.....	280,686	.99	83,101,885	29,022,894	296,068	192,668	103,400	168,743	6.60	5.07	137.60	34.92	15.00
1971.....	263,574	.91	83,072,184	28,981,177	315,176	205,221	109,955	176,784	6.38	4.88	127.44	34.89	15.00
1972.....	275,681	.88	90,990,646	31,344,070	330,058	216,361	113,697	183,097	6.37	4.89	131.73	34.45	15.00
1973.....	344,029	.95	101,248,050	34,103,004	294,301	195,173	99,128	169,675	6.72	5.25	162.77	33.68	15.00
1974.....	340,747	1.07	98,711,405	34,335,688	289,691	188,925	100,766	165,997	6.83	5.29	159.72	34.78	15.00
1975.....	327,023	1.08	91,869,317	31,988,981	280,926	183,107	97,819	161,932	6.75	5.22	151.78	34.82	15.00
1976.....	331,074	1.04	95,367,387	34,957,985	288,055	182,465	105,590	165,010	6.57	4.96	152.17	36.66	15.00
1977.....	340,429	1.04	100,166,209	37,542,916	294,236	183,954	110,281	166,267	6.65	4.99	154.91	37.48	15.00
1978.....	374,731	1.10	108,879,477	40,884,842	290,554	181,449	109,105	163,924	6.89	5.20	168.73	37.55	15.00
1979.....	315,507	.93	105,372,357	41,274,817	333,978	203,158	130,821	176,395	6.71	4.95	140.48	39.17	15.00
1980.....	341,785	1.05	106,751,523	41,540,279	312,336	190,796	121,539	165,654	7.17	5.38	150.40	38.91	15.00
1981.....	403,985	1.											

Individual Income Tax Shares, 1951-1986

Table 2.—Returns with Adjusted Gross Income \$25,000 or more in 1986 Dollars: Number of Returns, Income, and Federal Income Tax, Cumulated by Federal Income Tax Share Groups, Tax Years 1951-1986—Continued

[All figures are estimates—money amounts are in 1986 dollars]

Tax year	Returns		Adjusted gross income (thousand dollars)	Federal income tax (thousand dollars)	Mean income		Average income tax (dollars)	Minimum income cutoff (dollars)	Income share		Returns per 100,000 population	Average income tax rate (percent)	Income tax share (percent)
	Number	Percent of total			Before tax (dollars)	After tax (dollars)			Before tax (percent)	After tax (percent)			
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	
Part III — Returns accounting for top 20 percent of Federal income tax													
1951	40,161	.62	23,524,309	11,788,969	585,754	292,210	293,545	309,182	7.97	4.97	26.08	50.11	20.00
1952	63,077	.84	27,217,526	13,174,569	431,495	222,631	208,864	235,049	8.38	5.43	40.33	48.40	20.00
1953	89,615	1.02	31,078,924	14,004,709	346,804	190,528	156,276	190,802	8.51	5.78	56.38	45.06	20.00
1954	76,825	.86	30,926,789	13,105,467	402,564	231,974	170,590	218,384	8.20	5.72	47.46	42.38	20.00
1955	92,420	.87	37,474,283	15,372,239	405,477	239,147	166,330	211,924	8.29	5.89	55.99	41.02	20.00
1956	120,054	.98	43,370,699	17,275,495	361,261	217,363	143,898	195,569	8.44	6.11	71.42	39.83	20.00
1957	141,163	1.11	45,440,617	17,488,995	321,902	198,009	123,892	177,720	8.64	6.37	82.46	38.49	20.00
1958	152,625	1.23	45,938,378	17,024,722	300,988	189,442	111,546	165,511	8.94	6.74	87.64	37.06	20.00
1959	173,797	1.20	54,024,265	20,010,345	310,848	195,711	115,137	171,062	8.91	6.72	98.12	37.04	20.00
1960	217,640	1.45	57,921,020	20,099,713	266,132	173,779	92,353	145,423	9.29	7.23	120.93	34.70	20.00
1961	216,774	1.34	61,957,255	21,955,120	285,815	184,534	101,281	151,843	9.18	7.08	118.46	35.44	20.00
1962	286,610	1.63	70,254,974	23,468,883	245,124	163,240	81,884	136,350	9.57	7.58	154.28	33.41	20.00
1963	322,453	1.70	76,813,041	25,454,608	238,215	159,274	78,940	133,007	9.64	7.67	171.08	33.14	20.00
1964	313,191	1.50	81,970,543	25,727,405	261,727	179,581	82,146	144,183	9.25	7.42	163.85	31.39	20.00
1965	276,771	1.23	83,425,110	27,187,565	301,423	203,191	98,231	161,498	8.55	6.70	143.02	32.59	20.00
1966	328,172	1.33	93,875,879	30,392,903	286,057	193,444	92,613	154,953	8.76	6.91	167.80	32.38	20.00
1967	306,474	1.20	97,327,075	33,342,288	317,571	208,778	108,793	169,144	8.56	6.60	155.21	34.26	20.00
1968	333,061	1.22	108,145,304	39,563,281	324,701	205,914	118,787	168,270	8.78	6.64	167.03	36.58	20.00
1969	442,453	1.54	119,974,113	42,462,055	271,157	175,187	95,970	144,381	9.34	7.23	219.71	35.39	20.00
1970	556,576	1.96	122,815,871	38,697,192	220,663	151,136	69,527	125,222	9.75	7.89	272.85	31.51	20.00
1971	516,785	1.78	121,443,664	38,641,569	234,999	160,226	74,773	132,890	9.32	7.46	249.86	31.82	20.00
1972	529,134	1.70	130,868,981	41,792,093	247,327	168,345	78,982	138,248	9.17	7.31	252.83	31.93	20.00
1973	643,185	1.97	145,313,204	45,470,672	225,928	155,231	70,696	130,365	9.65	7.81	304.31	31.29	20.00
1974	630,140	1.98	140,406,305	45,780,918	222,818	150,166	72,652	127,424	9.71	7.78	295.37	32.61	20.00
1975	600,037	1.99	130,348,704	42,651,974	217,234	146,152	71,082	124,610	9.58	7.64	278.48	32.72	20.00
1976	619,475	1.95	136,662,773	46,610,646	220,610	145,368	75,242	126,026	9.42	7.39	284.73	34.11	20.00
1977	650,725	1.99	144,698,819	50,057,221	222,365	145,440	76,925	125,659	9.61	7.54	296.11	34.59	20.00
1978	727,064	2.14	158,527,745	54,513,123	218,038	143,061	74,977	123,263	10.04	7.96	327.37	34.39	20.00
1979	615,362	1.81	150,644,439	55,033,089	244,806	155,374	89,432	132,614	9.60	7.38	274.00	36.53	20.00
1980	656,822	2.01	151,400,089	55,387,038	230,504	146,178	84,326	124,775	10.17	7.92	289.02	36.58	20.00
1981	772,639	2.39	160,689,610	56,067,469	207,975	135,409	72,566	112,218	10.97	8.83	336.46	34.89	20.00
1982	628,871	1.97	154,870,140	51,550,787	246,267	164,294	81,974	122,164	10.75	8.73	271.07	33.29	20.00
1983	510,614	1.59	149,360,659	49,553,748	292,512	195,465	97,047	137,431	10.17	8.18	217.95	33.18	20.00
1984	451,624	1.34	155,030,764	52,663,957	343,274	226,664	116,610	153,178	9.86	7.82	190.98	33.97	20.00
1985	437,349	1.26	164,928,675	55,322,488	377,110	250,615	126,495	164,889	9.98	7.97	183.19	33.54	20.00
1986	267,894	.74	165,874,875	62,483,489	619,180	385,941	233,239	239,498	9.28	7.01	111.12	37.67	20.00
Part IV — Returns accounting for top 25 percent of Federal income tax													
1951	68,484	1.06	31,159,435	14,736,212	454,986	239,810	215,176	238,994	10.56	6.95	44.48	47.29	25.00
1952	107,924	1.44	36,439,833	16,468,212	337,643	185,053	152,591	182,853	11.23	7.72	69.01	45.19	25.00
1953	153,249	1.74	41,741,765	17,505,887	272,379	158,147	114,232	149,172	11.43	8.21	96.41	41.94	25.00
1954	133,966	1.51	41,748,939	16,381,834	311,638	189,355	122,283	166,825	11.07	8.14	82.75	39.24	25.00
1955	165,331	1.55	50,793,079	19,215,299	307,221	190,998	116,223	160,841	11.24	8.42	100.16	37.83	25.00
1956	214,474	1.76	59,342,557	21,594,369	276,688	176,003	100,685	148,762	11.55	8.83	127.60	36.39	25.00
1957	249,672	1.97	62,067,709	21,861,243	248,597	161,037	87,560	134,996	11.80	9.17	145.85	35.22	25.00
1958	267,243	2.16	62,371,767	21,280,902	233,390	153,759	79,631	126,708	12.13	9.58	153.46	34.12	25.00
1959	305,199	2.10	73,387,420	25,012,931	240,458	158,501	81,956	129,211	12.10	9.55	172.30	34.08	25.00
1960	378,391	2.51	78,319,560	25,124,642	206,980	140,582	66,399	112,515	12.56	10.17	210.24	32.08	25.00
1961	382,978	2.37	83,945,264	27,443,900	219,191	147,532	71,659	117,109	12.43	9.99	209.29	32.69	25.00
1962	490,747	2.79	94,653,120	29,336,104	192,876	133,097	59,778	106,306	12.89	10.58	264.17	30.99	25.00
1963	549,604	2.90	103,344,797	31,818,260	188,035	130,142	57,893	104,053	12.97	10.69	291.59	30.79	25.00
1964	557,357	2.67	112,608,280	32,159,256	202,040	144,340	57,700	109,718	12.70	10.62	291.59	28.56	25.00
1965	522,788	2.31	117,559,562	33,984,456	224,870	159,864	65,006	120,231	12.05	9.96	270.14	28.91	25.00
1966	614,856	2.49	132,051,868	37,991,129	214,769	152,980	61,789	115,247	12.33	10.23	314.38	28.77	25.00
1967	597,060	2.33	138,962,708	41,677,859	232,745	162,940	69,805	123,512	12.23	10.03	302.37	29.99	25.00
1968	615,240	2.25	148,843,245	49,454,101	241,927	161,545	80,382	126,019	12.09	9.62	308.55	33.23	25.00
1969	809,643	2.82	165,494,388	53,077,569	204,404	138,847	65,557	108,487	12.88	10.48	402.04	32.07	25.00
1970	975,551	3.43	168,614,762	48,371,490	172,840	123,257	49,584	97,271	13.38	11.28	478.25	28.69	25.00
1971	923,854	3.18	168,635,498	48,301,961	182,535	130,252	52,283	102,602	12.95	10.85	446.68	28.64	25.00
1972	954,701	3.06	181,977,135	52,240,116	190,612	135,893	54,719	106,203	12.75	10.65	456.17	28.71	25.00
1973	1,132,392	3.47	201,236,250	56,838,340	177,709	127,516	50,193	101,909	13.36	11.29	535.77	28.24	25.00
1974	1,103,947	3.47	193,468,389	57,226,147	175,252	123,414	51,838	100,082	13.38	11.20	517.45	29.58	25.00
1975	1,025,739	3.40	177,305,134	53,314,968	172,856	120,879	51,977	99,110	13.03	10.81	476.06	30.07	25.00
1976	1,033,903	3.25	183,133,204	58,263,308	177,128	120,775	56,353	101,350	12.62	10.25	475.22	31.81	25.00
1977	1,070,662	3.27	191,746,765	62,571,527	179,092	120,650	58,442	101,216	12.73	10.29	487.20	32.63	25.00
1978	1,184,426	3.48	208,962,647	68,141,404	176,425	118,894	57,531	99,672	13.23	10.78	533.30	32.61	25.00
1979	1,084,257	3.19	204,942,761	68,791,361	189,017	125,571	63,446	102,985	13.05	10.52	482.78	33.57	25.00
1980	1,130,314	3.46	203,526,901	69,233,798	180,062	118,810</							

Individual Income Tax Shares, 1951-1986

Table 2.—Returns with Adjusted Gross Income \$25,000 or more in 1986 Dollars: Number of Returns, Income, and Federal Income Tax, Cumulated by Federal Income Tax Share Groups, Tax Years 1951-1986—Continued

[All figures are estimates—money amounts are in 1986 dollars]

Tax year	Returns		Adjusted gross income (thousand dollars)	Federal income tax (thousand dollars)	Mean income		Average income tax (dollars)	Minimum income cutoff (dollars)	Income share		Returns per 100,000 population	Average income tax rate (percent)	Income tax share (percent)
	Number	Percent of total			Before tax (dollars)	After tax (dollars)			Before tax (percent)	After tax (percent)			
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)
Part V — Returns accounting for top 30 percent of Federal income tax													
1951	108,869	1.69	39,711,675	17,683,454	364,764	202,336	162,428	190,044	13.45	9.32	70.70	44.53	30.00
1952	169,572	2.26	46,482,401	19,761,854	274,116	157,576	116,539	146,747	14.32	10.33	108.43	42.51	30.00
1953	245,042	2.79	53,872,259	21,007,064	219,849	134,121	85,728	118,358	14.75	11.13	154.16	38.99	30.00
1954	214,797	2.42	53,672,426	19,658,201	249,875	158,355	91,520	132,301	14.23	10.92	132.69	36.63	30.00
1955	265,657	2.49	65,114,599	23,058,359	245,108	158,311	86,798	128,353	14.40	11.21	160.94	35.41	30.00
1956	342,440	2.80	76,168,467	25,913,242	222,429	146,756	75,672	117,550	14.83	11.76	203.73	34.02	30.00
1957	396,286	3.12	79,630,446	26,233,492	200,942	134,744	66,198	107,681	15.14	12.17	231.49	32.94	30.00
1958	421,456	3.41	79,761,259	25,537,083	189,252	128,659	60,593	101,583	15.52	12.64	242.01	32.02	30.00
1959	485,167	3.34	93,899,809	30,015,517	193,541	131,675	61,866	101,840	15.48	12.61	273.90	31.97	30.00
1960	596,262	3.96	100,160,755	30,149,570	167,981	117,417	50,564	90,362	16.06	13.38	331.30	30.10	30.00
1961	606,610	3.76	107,256,919	32,932,680	176,814	122,524	54,290	93,835	15.89	13.15	331.50	30.70	30.00
1962	769,081	4.38	121,083,604	35,203,325	157,439	111,666	45,773	85,832	16.49	13.92	413.99	29.07	30.00
1963	860,603	4.54	132,289,222	38,181,912	153,717	109,350	44,366	84,162	16.61	14.06	456.59	28.86	30.00
1964	883,501	4.24	144,425,261	38,591,108	163,469	119,790	43,680	87,422	16.29	13.96	462.22	26.72	30.00
1965	852,482	3.77	152,517,588	40,781,347	178,910	131,072	47,838	93,855	15.64	13.31	440.50	26.74	30.00
1966	998,634	4.05	171,126,618	45,589,355	171,361	125,709	45,652	90,312	15.98	13.66	510.61	26.64	30.00
1967	986,298	3.85	181,301,669	50,013,431	183,820	133,112	50,708	95,819	15.95	13.54	499.50	27.59	30.00
1968	1,020,915	3.73	193,631,031	59,344,921	189,664	131,535	58,129	98,174	15.73	13.00	512.00	30.65	30.00
1969	1,322,038	4.61	214,706,916	63,693,083	162,406	114,228	48,178	86,403	16.71	14.08	656.47	29.67	30.00
1970	1,543,866	5.43	218,394,807	58,045,788	141,460	103,862	37,598	79,840	17.33	15.04	756.86	26.58	30.00
1971	1,477,015	5.09	219,418,230	57,962,353	148,555	109,312	39,243	83,351	16.85	14.55	714.13	26.42	30.00
1972	1,539,007	4.94	237,505,049	62,688,139	154,324	113,591	40,733	86,196	16.64	14.34	735.37	26.39	30.00
1973	1,786,543	5.48	261,456,728	68,206,008	146,348	108,170	38,178	84,118	17.36	15.11	845.27	26.09	30.00
1974	1,761,868	5.54	252,844,552	68,671,376	143,509	104,533	38,976	82,180	17.49	15.14	825.84	27.16	30.00
1975	1,650,178	5.47	232,778,740	63,977,961	141,063	102,292	38,770	81,206	17.11	14.71	765.87	27.48	30.00
1976	1,681,080	5.28	242,184,369	69,915,970	144,065	102,475	41,590	83,337	16.69	14.14	772.69	28.87	30.00
1977	1,739,667	5.31	252,833,214	75,085,832	145,334	102,173	43,161	83,579	16.79	14.15	791.62	29.70	30.00
1978	1,877,275	5.51	271,593,672	81,769,684	144,674	101,117	43,558	83,175	17.20	14.53	845.26	30.11	30.00
1979	1,718,195	5.06	263,809,875	82,549,633	153,539	105,495	48,044	84,905	16.80	14.00	765.05	31.29	30.00
1980	1,789,053	5.48	262,108,104	83,080,558	146,507	100,068	46,438	81,518	17.60	14.77	787.24	31.70	30.00
1981	2,052,615	6.35	275,106,822	84,101,204	134,027	93,055	40,973	75,707	18.77	16.12	893.85	30.57	30.00
1982	1,774,646	5.56	262,936,483	77,326,180	148,163	104,590	43,573	78,234	18.25	15.69	764.95	29.41	30.00
1983	1,533,395	4.78	255,011,771	74,330,622	166,305	117,831	48,475	84,749	17.37	14.80	654.50	29.15	30.00
1984	1,420,380	4.22	264,354,924	78,995,936	186,116	130,500	55,616	91,276	16.81	14.15	600.64	29.88	30.00
1985	1,399,094	4.04	279,814,680	82,983,732	199,997	140,685	59,312	95,540	16.93	14.31	586.03	29.66	30.00
1986	995,193	2.77	282,124,555	93,725,233	283,487	189,309	94,178	120,283	15.78	12.77	412.81	33.22	30.00
Part VI — Returns accounting for top 35 percent of Federal income tax													
1951	165,913	2.58	49,406,612	20,630,696	297,787	173,440	124,347	153,454	16.74	12.18	107.75	41.76	35.00
1952	256,046	3.42	57,846,998	23,055,496	225,925	135,880	90,044	118,609	17.82	13.45	163.72	39.86	35.00
1953	376,196	4.28	67,682,301	24,508,241	179,912	114,765	65,148	94,641	18.53	14.62	236.67	36.21	35.00
1954	332,844	3.75	67,565,928	22,934,568	202,996	134,091	68,905	105,737	17.92	14.33	205.61	33.94	35.00
1955	410,484	3.85	81,633,733	26,901,418	198,872	133,336	65,536	102,425	18.06	14.59	248.67	32.95	35.00
1956	516,335	4.23	94,422,282	30,232,116	182,870	124,319	58,551	94,536	18.38	15.02	307.18	32.02	35.00
1957	599,573	4.73	99,214,967	30,605,741	165,476	114,430	51,046	86,919	18.86	15.64	350.24	30.85	35.00
1958	639,497	5.17	99,587,374	29,793,263	155,728	109,139	46,589	82,178	19.37	16.27	367.21	29.92	35.00
1959	743,086	5.12	117,266,861	35,018,104	157,811	110,685	47,125	81,508	19.33	16.24	419.50	29.86	35.00
1960	924,692	6.14	126,636,288	35,174,499	136,950	98,911	38,039	72,730	20.31	17.49	513.78	27.78	35.00
1961	933,542	5.78	134,641,519	38,421,460	144,227	103,070	41,157	75,607	19.94	17.02	510.15	28.54	35.00
1962	1,188,878	6.77	153,345,124	41,070,545	128,983	94,437	34,546	69,649	20.88	18.19	639.97	26.78	35.00
1963	1,328,343	7.01	167,653,819	44,545,564	126,213	92,678	33,535	68,822	21.04	18.39	704.76	26.57	35.00
1964	1,320,629	6.33	179,075,694	45,022,959	135,599	101,507	34,092	72,695	20.20	17.69	690.92	25.14	35.00
1965	1,294,851	5.73	189,878,541	47,578,238	146,641	109,897	36,744	76,826	19.47	16.95	669.89	25.06	35.00
1966	1,512,005	6.13	213,028,098	53,187,581	140,891	105,714	35,177	74,570	19.89	17.39	773.10	24.97	35.00
1967	1,500,664	5.86	225,683,899	58,349,003	150,389	111,507	38,882	78,318	19.86	17.25	760.00	25.85	35.00
1968	1,612,907	5.89	245,380,406	69,235,741	152,136	109,209	42,926	79,019	19.93	17.05	808.88	28.22	35.00
1969	2,055,602	7.16	272,097,531	74,308,597	132,369	96,219	36,149	71,910	21.17	18.44	1,020.73	27.31	35.00
1970	2,333,852	8.20	276,280,198	67,720,086	118,379	89,363	29,016	68,133	21.93	19.56	1,144.13	24.51	35.00
1971	2,221,014	7.65	276,353,747	67,622,746	124,427	93,980	30,447	71,086	21.22	18.82	1,073.85	24.47	35.00
1972	2,294,199	7.36	297,384,867	73,136,163	129,625	97,746	31,879	73,792	20.83	18.40	1,096.21	24.59	35.00
1973	2,604,037	7.98	325,150,931	79,573,676	124,864	94,306	30,558	72,888	21.59	19.20	1,232.06	24.47	35.00
1974	2,585,567	8.13	315,353,489	80,116,606	121,967	90,981	30,986	70,712	21.81	19.33	1,211.94	25.41	35.00
1975	2,424,325	8.03	291,116,575	74,640,955	120,081	89,293	30,788	70,637	21.40	18.87	1,125.16	25.64	35.00
1976	2,485,493	7.81	304,292,575	81,568,631	122,427	89,610	32,818	72,225	20.97	18.28	1,142.42	26.81	35.00
1977	2,593,114	7.92	318,825,839	87,600,137	122,951	89,169	33,782	72,427	21.17	18.41	1,179.98	27.48	35.00
1978	2,810,268	8.25	343,347,390	95,397,965	122,176	88,230	33,946	71,981	21.74	18.98	1,265.34	27.78	35.00
1979	2,543,532	7.48	328,583,886	96,307,906	129,184	91,320	37,864	73,262	20.93	17.94	1,132.54	29.31	35.00
1980	2,595,527	7.95	323,198,322	96,927,317	124,521	87,177	37,344	71,020	21.70	18.66	1,142.12	29.99	35.00
1981	2,930,916	9.07	337,441,378	98,118,071	115,132	81,655	33,477	67,111	23.03	20.20	1,276.33	29.08	35.00
1982	2,629,442	8.24	324,778,592	90,213,877	123,516	89,207	34,309	67,701	22.54	19.82	1,133.40	27.78	35.00
1983	2,388,446	7.45	321,328,235	86,719,059	134,534	98,227	36,308	71,829	21.88	19.22	1,019.47	26.99	35.00
1984	2,233,366	6.63	331,961,921	92,161,925	148,637	107,372	41,266	76,782	21.10	18.31	944.43	27.76	35.00
1985	2,171,798	6.27	346,982,833	96,814,354	159,768	115,190	44,578	80,181	21.00	18.18	909.69	27.	

Individual Income Tax Shares, 1951-1986

Table 2.—Returns with Adjusted Gross Income \$25,000 or more in 1986 Dollars: Number of Returns, Income, and Federal Income Tax, Cumulated by Federal Income Tax Share Groups, Tax Years 1951-1986—Continued

[All figures are estimates—money amounts are in 1986 dollars]

Tax year	Returns		Adjusted gross income (thousand dollars)	Federal income tax (thousand dollars)	Mean income		Average income tax (dollars)	Minimum income cutoff (dollars)	Income share		Returns per 100,000 population	Average income tax rate (percent)	Income tax share (percent)
	Number	Percent of total			Before tax (dollars)	After tax (dollars)			Before tax (percent)	After tax (percent)			
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)
Part VII — Returns accounting for top 40 percent of Federal income tax													
1951	243,514	3.78	60,113,585	23,577,938	246,859	150,035	96,824	125,035	20.36	15.47	158.14	39.22	40.00
1952	376,528	5.02	70,631,649	26,349,139	187,587	117,607	69,979	95,749	21.76	17.11	240.76	37.31	40.00
1953	556,684	6.33	82,991,069	28,009,419	149,081	98,766	50,315	76,760	22.72	18.62	350.21	33.75	40.00
1954	495,482	5.58	82,974,238	26,210,935	167,462	114,562	52,900	85,707	22.00	18.22	306.07	31.59	40.00
1955	614,651	5.76	100,316,907	30,744,478	163,210	113,190	50,019	82,385	22.19	18.54	372.36	30.65	40.00
1956	783,489	6.42	116,874,886	34,550,990	149,172	105,073	44,099	75,634	22.75	19.27	466.12	29.56	40.00
1957	902,693	7.12	122,684,406	34,977,990	135,909	97,161	38,748	69,779	23.32	20.00	527.31	28.51	40.00
1958	953,749	7.71	122,791,185	34,049,444	128,746	93,045	35,701	67,007	23.89	20.69	547.66	27.73	40.00
1959	1,120,064	7.72	144,802,830	40,020,690	129,281	93,550	35,731	66,308	23.87	20.69	632.32	27.64	40.00
1960	1,354,940	9.00	155,097,767	40,199,427	114,468	84,800	29,669	60,845	24.87	21.97	752.83	25.92	40.00
1961	1,399,139	8.67	166,397,892	43,910,240	118,929	87,545	31,384	62,374	24.65	21.67	764.59	26.39	40.00
1962	1,740,546	9.91	188,486,420	46,937,766	108,292	81,324	26,967	58,963	25.66	22.94	936.93	24.90	40.00
1963	1,931,966	10.19	205,840,790	50,909,216	106,545	80,194	26,351	58,834	25.84	23.15	1,025.01	24.73	40.00
1964	1,901,081	9.12	217,917,508	51,454,810	114,628	87,562	27,066	62,181	24.58	21.96	994.60	23.61	40.00
1965	1,886,156	8.35	231,552,650	54,375,129	122,764	93,936	28,829	65,253	23.74	21.11	974.63	23.48	40.00
1966	2,191,534	8.88	259,749,110	60,785,807	118,524	90,787	27,737	63,944	24.25	21.65	1,120.55	23.40	40.00
1967	2,177,359	8.50	274,430,921	66,684,575	126,038	95,412	30,626	66,931	24.15	21.42	1,102.70	24.30	40.00
1968	2,407,407	8.79	302,657,803	79,126,562	125,719	92,851	32,868	66,735	24.58	21.63	1,207.33	26.10	40.00
1969	2,962,550	10.32	332,756,116	84,924,111	112,321	83,655	28,666	62,771	25.90	23.10	1,471.09	25.52	40.00
1970	3,271,940	11.50	336,356,078	77,394,384	102,800	79,146	23,654	60,576	26.70	24.28	1,604.02	23.01	40.00
1971	3,167,180	10.91	339,249,228	77,283,138	107,114	82,713	24,401	62,646	26.05	23.61	1,531.32	22.78	40.00
1972	3,274,896	10.51	365,060,605	83,584,186	111,472	85,950	25,523	65,032	25.57	23.10	1,564.81	22.90	40.00
1973	3,623,676	11.11	395,126,048	90,941,344	109,040	83,944	25,096	65,019	26.23	23.78	1,714.48	23.02	40.00
1974	3,586,870	11.28	381,978,230	91,561,835	106,493	80,967	25,527	63,052	26.42	23.87	1,681.28	23.97	40.00
1975	3,338,922	11.07	352,119,653	85,303,948	105,459	79,911	25,548	63,338	25.88	23.26	1,549.64	24.23	40.00
1976	3,436,930	10.80	369,099,467	93,221,293	107,392	80,269	27,123	64,612	25.43	22.65	1,579.74	25.26	40.00
1977	3,594,496	10.98	387,255,935	100,114,443	107,736	79,884	27,852	64,960	25.71	22.86	1,635.65	25.85	40.00
1978	3,898,716	11.45	417,227,193	109,026,246	107,017	79,052	27,965	64,639	26.42	23.59	1,755.43	26.13	40.00
1979	3,560,572	10.48	398,676,451	110,066,178	111,970	81,057	30,912	65,367	25.39	22.29	1,585.39	27.61	40.00
1980	3,595,296	11.02	390,119,779	110,774,077	108,508	77,698	30,811	63,469	26.19	23.04	1,582.05	28.39	40.00
1981	3,974,885	12.30	404,004,048	112,134,939	101,639	73,428	28,211	60,862	27.57	24.63	1,730.94	27.76	40.00
1982	3,642,571	11.41	389,548,599	103,101,574	106,943	78,639	28,305	60,760	27.03	24.21	1,570.10	26.47	40.00
1983	3,397,627	10.60	389,261,597	99,107,497	114,569	85,399	29,170	63,519	26.51	23.77	1,450.22	25.46	40.00
1984	3,279,310	9.74	406,670,459	105,327,915	124,011	91,892	32,119	67,047	25.85	23.01	1,386.74	25.90	40.00
1985	3,232,762	9.33	425,875,280	110,644,976	131,737	97,511	34,226	69,683	25.77	22.91	1,354.09	25.98	40.00
1986	2,481,271	6.90	424,686,348	124,966,978	171,157	120,793	50,364	81,191	23.75	20.31	1,029.24	29.43	40.00
Part VIII — Returns accounting for top 45 percent of Federal income tax													
1951	351,448	5.46	72,259,684	26,525,181	205,606	130,132	75,474	102,120	24.48	19.36	228.24	36.71	45.00
1952	540,845	7.21	84,767,813	29,642,781	156,732	101,924	54,808	77,960	26.11	21.31	345.82	34.97	45.00
1953	802,424	9.13	100,015,302	31,510,596	124,641	85,372	39,269	63,071	27.38	23.20	504.81	31.51	45.00
1954	715,821	8.06	99,956,985	29,487,302	139,640	98,446	41,194	69,839	26.51	22.62	442.18	29.50	45.00
1955	896,549	8.40	121,114,831	34,587,538	135,090	96,512	38,579	66,750	26.79	23.06	543.14	28.56	45.00
1956	1,138,416	9.32	141,062,827	38,869,863	123,912	89,768	34,144	61,967	27.46	23.92	677.27	27.56	45.00
1957	1,307,367	10.31	148,235,041	39,350,238	113,384	83,286	30,099	57,763	28.18	24.83	763.71	26.55	45.00
1958	1,364,910	11.03	147,919,837	38,305,624	108,373	80,309	28,065	56,321	28.77	25.55	783.76	25.90	45.00
1959	1,613,280	11.12	174,651,656	45,023,276	108,259	80,351	27,908	55,826	28.80	25.59	910.76	25.78	45.00
1960	1,928,353	12.81	187,341,336	45,224,355	97,151	73,699	23,452	52,444	30.04	27.17	1,071.43	24.14	45.00
1961	1,966,897	12.18	199,205,871	49,399,020	101,279	76,164	25,115	53,983	29.51	26.50	1,074.85	24.80	45.00
1962	2,397,900	13.65	224,785,378	52,804,987	93,743	71,721	22,021	52,099	30.61	27.87	1,290.78	23.49	45.00
1963	2,642,220	13.94	245,107,526	57,272,868	92,766	71,090	21,676	52,263	30.77	28.06	1,401.83	23.37	45.00
1964	2,677,684	12.84	262,906,424	57,886,661	98,184	76,566	21,618	54,405	29.66	27.05	1,400.89	22.02	45.00
1965	2,659,842	11.78	278,520,299	61,172,021	104,713	81,715	22,998	56,977	28.56	25.90	1,374.41	21.96	45.00
1966	3,058,476	12.40	311,588,554	68,384,033	101,877	79,518	22,359	56,386	29.09	26.46	1,563.83	21.95	45.00
1967	3,039,603	11.86	328,274,668	75,020,147	107,999	83,318	24,681	58,740	28.88	26.11	1,539.37	22.85	45.00
1968	3,417,569	12.47	365,574,052	89,017,382	106,969	80,922	26,047	58,547	29.69	26.76	1,713.93	24.35	45.00
1969	4,084,771	14.23	399,216,599	95,539,624	97,733	74,344	23,389	56,219	31.07	28.31	2,028.34	23.93	45.00
1970	4,401,553	15.47	401,313,939	87,068,682	91,176	71,394	19,781	54,872	31.85	29.47	2,157.79	21.70	45.00
1971	4,249,138	14.64	403,629,324	86,943,530	94,991	74,529	20,461	56,803	30.99	28.55	2,054.44	21.54	45.00
1972	4,421,444	14.19	435,850,535	94,032,209	98,577	77,309	21,267	58,889	30.53	28.05	2,112.65	21.57	45.00
1973	4,856,363	14.88	471,260,778	102,309,012	97,040	75,973	21,067	58,906	31.29	28.85	2,297.71	21.71	45.00
1974	4,797,930	15.10	454,649,765	103,007,065	94,760	73,291	21,469	57,387	31.45	28.90	2,248.94	22.66	45.00
1975	4,410,703	14.62	416,810,377	95,966,942	94,500	72,742	21,758	57,743	30.64	27.97	2,047.06	23.02	45.00
1976	4,537,479	14.25	436,865,109	104,873,954	96,279	73,166	23,113	58,910	30.10	27.25	2,085.59	24.01	45.00
1977	4,738,292	14.47	458,120,384	112,628,748	96,685	72,915	23,770	59,346	30.42	27.51	2,156.12	24.58	45.00
1978	5,130,855	15.07	493,225,478	122,654,527	96,129	72,224	23,905	59,224	31.23	28.36	2,310.21	24.87	45.00
1979	4,817,258	14.17	476,833,301	123,824,450	98,984	73,28							

Table 2.—Returns with Adjusted Gross Income \$25,000 or more in 1986 Dollars: Number of Returns, Income, and Federal Income Tax, Cumulated by Federal Income Tax Share Groups, Tax Years 1951-1986—Continued

[All figures are estimates—money amounts are in 1986 dollars]

Tax year	Returns		Adjusted gross income (thousand dollars)	Federal income tax (thousand dollars)	Mean income		Average income tax (dollars)	Minimum income cutoff (dollars)	Income share		Returns per 100,000 population	Average income tax rate (percent)	Income tax share (percent)
	Number	Percent of total			Before tax (dollars)	After tax (dollars)			Before tax (percent)	After tax (percent)			
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)
Part IX — Returns accounting for top 50 percent of Federal income tax													
1951.....	498,220	7.74	85,746,610	29,472,423	172,106	112,950	59,155	83,188	29.05	23.82	323.56	34.37	50.00
1952.....	763,909	10.19	100,472,185	32,936,423	131,524	88,408	43,116	64,123	30.95	26.10	488.45	32.78	50.00
1953.....	1,146,653	13.05	119,717,183	35,011,774	104,406	73,872	30,534	52,428	32.77	28.68	721.37	29.25	50.00
1954.....	1,028,898	11.58	119,666,094	32,763,669	116,305	84,462	31,843	57,262	31.74	27.89	635.58	27.38	50.00
1955.....	1,296,035	12.14	145,174,576	38,430,598	112,014	82,362	29,652	54,928	32.12	28.45	785.15	26.47	50.00
1956.....	1,640,222	13.43	169,241,715	43,188,737	103,182	76,851	26,331	51,625	32.95	29.50	975.81	25.52	50.00
1957.....	1,852,938	14.61	177,118,895	43,722,487	95,588	71,992	23,596	49,159	33.67	30.41	1,082.41	24.69	50.00
1958.....	1,910,657	15.44	176,283,145	42,561,805	92,263	69,987	22,276	48,532	34.29	31.17	1,097.14	24.14	50.00
1959.....	2,263,636	15.60	208,304,287	50,025,862	92,022	69,922	22,100	48,538	34.34	31.25	1,277.92	24.02	50.00
1960.....	2,624,277	17.43	221,620,847	50,249,284	84,450	65,302	19,148	46,734	35.54	32.76	1,458.10	22.67	50.00
1961.....	2,669,970	16.54	234,877,656	54,887,800	87,970	67,413	20,557	48,030	34.79	31.84	1,459.06	23.37	50.00
1962.....	3,182,390	18.12	263,549,424	58,672,208	82,815	64,378	18,437	47,090	35.88	33.20	1,713.07	22.26	50.00
1963.....	3,489,910	18.41	287,200,224	63,636,520	82,294	64,060	18,234	47,398	36.05	33.40	1,851.58	22.16	50.00
1964.....	3,647,610	17.49	312,705,859	64,318,513	85,729	68,096	17,633	48,769	35.27	32.77	1,908.33	20.57	50.00
1965.....	3,674,654	16.27	332,887,247	67,968,912	90,590	72,093	18,497	50,756	34.13	31.56	1,898.79	20.42	50.00
1966.....	4,169,262	16.90	370,755,422	75,982,258	88,926	70,702	18,224	50,598	34.61	32.07	2,131.79	20.49	50.00
1967.....	4,112,194	16.05	387,823,919	83,355,719	94,311	74,040	20,270	52,809	34.12	31.39	2,082.58	21.49	50.00
1968.....	4,570,734	16.68	429,585,012	98,908,202	93,986	72,347	21,639	52,978	34.89	32.00	2,292.26	23.02	50.00
1969.....	5,341,243	18.61	466,658,668	106,155,138	87,369	67,494	19,875	51,479	36.32	33.61	2,652.25	22.75	50.00
1970.....	5,704,177	20.05	469,748,446	96,742,980	82,352	65,392	16,960	50,449	37.28	34.98	2,796.38	20.59	50.00
1971.....	5,544,056	19.10	473,936,950	96,603,922	85,486	68,061	17,425	52,066	36.39	34.01	2,680.53	20.38	50.00
1972.....	5,715,601	18.34	508,808,984	104,480,232	89,021	70,741	18,280	54,130	35.64	33.18	2,731.03	20.53	50.00
1973.....	6,235,122	19.11	549,006,700	113,676,680	88,051	69,819	18,232	54,149	36.45	34.04	2,950.04	20.71	50.00
1974.....	6,192,402	19.48	531,347,697	114,452,294	85,806	67,324	18,483	52,840	36.75	34.26	2,902.57	21.54	50.00
1975.....	5,679,224	18.82	486,973,052	106,629,936	85,746	66,971	18,775	53,147	35.79	33.15	2,635.80	21.90	50.00
1976.....	5,815,183	18.27	509,082,902	116,526,616	87,544	67,505	20,038	54,401	35.08	32.22	2,672.87	22.89	50.00
1977.....	6,029,498	18.42	531,661,792	125,143,054	88,177	67,422	20,755	54,802	35.30	32.37	2,743.67	23.54	50.00
1978.....	6,503,256	19.10	571,321,589	136,282,807	87,852	66,896	20,956	54,867	36.18	33.30	2,928.14	23.85	50.00
1979.....	6,267,971	18.44	559,350,755	137,582,722	89,240	67,289	21,950	54,633	35.63	32.58	2,790.89	24.60	50.00
1980.....	6,160,499	18.88	538,226,583	138,467,596	87,367	64,891	22,477	53,293	36.14	32.97	2,710.83	25.73	50.00
1981.....	6,544,581	20.24	547,958,101	140,168,673	83,727	62,309	21,418	52,088	37.39	34.41	2,849.97	25.58	50.00
1982.....	6,232,363	19.52	533,311,978	128,876,967	85,571	64,893	20,679	51,453	37.01	34.18	2,686.41	24.17	50.00
1983.....	5,855,427	18.26	530,896,368	123,884,371	90,667	69,510	21,157	53,116	36.15	33.34	2,499.29	23.33	50.00
1984.....	5,822,384	17.30	560,292,937	131,659,893	96,231	73,618	22,613	55,335	35.62	32.73	2,462.14	23.50	50.00
1985.....	5,844,277	16.86	589,165,289	138,306,220	100,811	77,145	23,665	57,048	35.65	32.77	2,447.96	23.47	50.00
1986.....	5,101,364	14.18	608,278,453	156,208,722	119,238	88,617	30,621	62,390	34.02	30.64	2,116.06	25.68	50.00

See notes at end of tables.

Individual Income Tax Shares, 1951-1986

Table 3.—Returns with Adjusted Gross Income \$25,000 or more in 1986 Dollars: Number of Returns, Income, and Federal Income Tax, Cumulated by Income Share Groups, Tax Years 1951-1986

[All figures are estimates—money amounts are in 1986 dollars]

Tax year	Returns		Adjusted gross income (thousand dollars)	Federal income tax (thousand dollars)	Mean income		Average income tax (dollars)	Minimum income cutoff (dollars)	Income share		Returns per 100,000 population	Average income tax rate (percent)	Income tax share (percent)
	Number	Percent of total			Before tax (dollars)	After tax (dollars)			Before tax (percent)	After tax (percent)			
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)
Part I — Returns accounting for top 5 percent of income													
1951	16,590	.26	14,759,310	7,937,710	889,640	411,182	478,458	466,798	5.00	2.89	10.77	53.78	13.47
1952	24,372	.33	16,230,471	8,428,331	665,938	320,123	345,816	360,428	5.00	3.02	15.58	51.93	12.79
1953	34,051	.39	18,266,911	9,065,872	536,464	270,217	266,247	293,889	5.00	3.12	21.42	49.63	12.95
1954	30,638	.34	18,853,680	8,616,342	615,367	334,137	281,230	328,127	5.00	3.29	18.93	45.70	13.15
1955	34,833	.33	22,601,910	10,014,593	648,856	361,357	287,499	331,916	5.00	3.36	21.10	44.31	13.03
1956	45,353	.37	25,684,017	11,173,350	566,312	319,948	246,363	301,241	5.00	3.40	26.98	43.50	12.94
1957	52,316	.41	26,302,098	11,298,360	502,758	286,793	215,965	273,051	5.00	3.42	30.56	42.96	12.92
1958	53,221	.43	25,703,920	10,719,105	482,962	281,556	201,406	263,968	5.00	3.49	30.56	41.70	12.59
1959	60,812	.42	30,325,932	12,425,391	498,683	294,358	204,324	270,253	5.00	3.53	34.33	40.97	12.42
1960	69,233	.46	31,178,956	12,495,271	450,346	269,865	180,480	238,776	5.00	3.57	38.47	40.08	12.43
1961	67,152	.42	33,754,036	13,600,035	502,654	300,127	202,527	253,013	5.00	3.57	36.70	40.29	12.39
1962	88,521	.50	36,723,194	14,332,137	414,855	252,947	161,907	224,919	5.00	3.63	47.65	39.03	12.21
1963	98,619	.52	39,832,369	15,459,255	403,902	247,145	156,758	219,645	5.00	3.64	52.32	38.81	12.15
1964	101,194	.49	44,325,376	16,418,112	438,023	275,779	162,244	232,796	5.00	3.68	52.94	37.04	12.76
1965	99,779	.44	48,764,048	18,055,986	488,718	307,759	180,959	250,409	5.00	3.66	51.56	37.03	13.28
1966	114,984	.47	53,557,993	19,769,190	465,787	293,857	171,930	243,729	5.00	3.68	58.79	36.91	13.01
1967	109,558	.43	56,827,903	21,376,824	518,703	323,584	195,119	265,015	5.00	3.66	55.48	37.62	12.82
1968	109,666	.40	61,558,546	24,820,740	561,325	334,996	226,229	277,047	5.00	3.56	55.00	40.32	12.55
1969	133,374	.46	64,250,406	25,680,825	481,732	289,184	192,548	242,625	5.00	3.60	66.23	39.97	12.10
1970	172,137	.61	62,995,640	22,984,559	365,962	232,437	133,525	205,935	5.00	3.75	84.39	36.49	11.88
1971	170,277	.59	65,127,077	23,716,863	382,477	243,193	139,284	211,324	5.00	3.73	82.33	36.42	12.28
1972	177,547	.57	71,385,563	25,716,875	402,066	257,221	144,846	219,880	5.00	3.75	84.84	36.03	12.31
1973	205,801	.63	75,312,648	26,747,347	365,948	235,981	129,967	209,581	5.00	3.80	97.37	35.52	11.76
1974	197,547	.62	72,286,424	26,826,503	365,920	230,122	135,798	207,657	5.00	3.74	92.60	37.11	11.72
1975	193,928	.64	68,027,710	25,369,188	350,788	219,971	130,817	200,303	5.00	3.72	90.00	37.29	11.90
1976	205,084	.64	72,565,154	28,591,533	353,831	214,418	139,414	200,656	5.00	3.61	94.26	39.40	12.27
1977	205,016	.63	75,305,841	30,339,594	367,317	219,330	147,986	205,318	5.00	3.58	93.29	40.29	12.12
1978	211,595	.62	78,958,343	31,683,324	373,158	223,422	149,736	208,800	5.00	3.62	95.27	40.13	11.62
1979	179,420	.53	78,496,004	32,240,250	437,498	257,807	179,691	225,481	5.00	3.57	79.89	41.07	11.72
1980	172,329	.53	74,469,566	30,540,548	432,137	254,914	177,223	224,704	5.00	3.62	75.83	41.01	11.03
1981	172,877	.53	73,269,393	28,831,401	423,824	257,050	166,774	216,744	5.00	3.75	75.28	39.35	10.28
1982	126,677	.40	72,049,081	26,972,524	568,760	355,837	212,923	262,471	5.00	3.81	54.60	37.44	10.46
1983	107,701	.34	73,423,984	27,668,361	681,738	424,839	256,899	300,553	5.00	3.75	45.97	37.68	11.17
1984	94,196	.28	78,647,653	30,140,493	834,938	514,961	319,977	351,155	5.00	3.70	39.83	38.32	11.45
1985	88,755	.26	82,624,719	30,629,884	930,928	585,823	345,105	403,157	5.00	3.78	37.18	37.07	11.07
1986	53,592	.15	89,402,843	35,988,732	1,668,203	996,675	671,528	648,462	5.00	3.62	22.23	40.25	11.52
Part II — Returns accounting for top 10 percent of income													
1951	61,786	.96	29,518,619	14,131,871	477,753	249,032	228,722	251,223	10.00	6.51	40.13	47.87	23.97
1952	87,203	1.16	32,460,943	15,102,202	372,244	199,061	173,184	202,153	10.00	6.71	55.76	46.52	22.93
1953	120,222	1.37	36,533,823	15,827,649	303,886	172,233	131,653	167,141	10.00	7.01	75.63	43.32	22.60
1954	110,812	1.25	37,707,360	15,187,045	340,283	203,231	137,053	183,201	10.00	7.23	68.45	40.28	23.18
1955	132,287	1.24	45,203,820	17,647,089	341,710	208,310	133,400	178,743	10.00	7.34	80.14	39.04	22.96
1956	164,124	1.34	51,368,033	19,466,320	312,983	194,376	118,607	169,188	10.00	7.47	97.64	37.90	22.54
1957	184,268	1.45	52,604,196	19,401,206	285,476	180,188	105,288	156,295	10.00	7.57	107.64	36.88	22.19
1958	187,389	1.51	51,407,840	18,465,157	274,337	175,798	98,539	150,109	10.00	7.68	107.60	35.92	21.69
1959	214,654	1.48	60,651,864	21,754,697	282,556	181,208	101,348	154,195	10.00	7.68	121.18	35.87	21.74
1960	249,117	1.65	62,357,912	21,215,671	250,315	165,152	85,163	136,749	10.00	7.87	138.41	34.02	21.11
1961	254,686	1.58	67,508,071	23,366,045	265,064	173,319	91,744	141,319	10.00	7.81	139.18	34.61	21.29
1962	310,438	1.77	73,446,388	24,254,926	236,589	158,458	78,131	131,508	10.00	7.97	167.11	33.02	20.67
1963	344,203	1.82	79,664,738	26,156,316	231,447	155,456	75,991	129,149	10.00	7.99	182.62	32.83	20.55
1964	360,847	1.73	88,650,752	27,138,790	245,674	170,466	75,209	135,222	10.00	8.12	188.79	30.61	21.10
1965	369,890	1.64	97,528,096	30,006,425	263,668	182,545	81,122	141,829	10.00	8.04	191.13	30.77	22.07
1966	418,311	1.70	107,115,986	33,036,905	256,068	177,091	78,977	138,767	10.00	8.06	213.89	30.84	21.74
1967	409,957	1.60	113,655,806	36,637,021	277,238	187,870	89,368	147,667	10.00	7.94	207.62	32.24	21.98
1968	427,498	1.56	123,117,091	43,385,011	287,994	186,509	101,486	149,869	10.00	7.72	214.39	35.24	21.93
1969	503,327	1.75	128,500,812	44,542,688	255,303	166,806	88,496	135,952	10.00	7.83	249.93	34.66	20.98
1970	582,190	2.05	125,991,280	39,394,668	216,409	148,743	67,666	122,676	10.00	8.12	285.41	31.27	20.36
1971	584,913	2.02	130,254,155	40,523,731	222,690	153,408	69,282	125,894	10.00	8.09	282.80	31.11	20.97
1972	618,263	1.98	142,771,125	44,362,099	230,923	159,170	71,753	129,083	10.00	8.07	295.42	31.07	21.23
1973	684,477	2.10	150,625,297	46,633,198	220,059	151,929	68,130	126,972	10.00	8.13	323.85	30.96	20.51
1974	663,194	2.09	144,572,848	46,814,105	217,995	147,406	70,589	124,649	10.00	8.03	310.86	32.38	20.45
1975	646,547	2.14	136,055,420	44,143,556	210,434	142,158	68,276	120,650	10.00	8.01	300.07	32.45	20.70
1976	688,127	2.16	145,130,308	48,937,409	210,906	139,790	71,117	120,368	10.00	7.90	316.29	33.72	21.00
1977	698,390	2.13	150,611,682	51,716,762	215,656	141,604	74,051	121,765	10.00	7.87	317.80	34.34	20.66
1978	722,133	2.12	157,916,687	54,343,448	218,681	143,427	75,254	123,634	10.00	7.93	325.15	34.41	19.94
1979	664,025	1.95	156,992,007	56,825,877	236,425	150,847	85,578	128,247	10.00	7.74	295.66	36.20	20.65
1980	637,225	1.95	148,939,132	54,667,717	233,731	147,941	85,790	126,341	10.00	7.78	280.40	36.70	19.74
1981	651,013	2.01	146,538,785	52,005,450	225,094								

Individual Income Tax Shares, 1951-1986

Table 3.—Returns with Adjusted Gross Income \$25,000 or more in 1986 Dollars: Number of Returns, Income, and Federal Income Tax, Cumulated by Income Share Groups, Tax Years 1951-1986—Continued

[All figures are estimates—money amounts are in 1986 dollars]

Tax year	Returns		Adjusted gross income (thousand dollars)	Federal income tax (thousand dollars)	Mean income		Average income tax (dollars)	Minimum income cutoff (dollars)	Income share		Returns per 100,000 population	Average income tax rate (percent)	Income tax share (percent)
	Number	Percent of total			Before tax (dollars)	After tax (dollars)			Before tax (percent)	After tax (percent)			
Part III — Returns accounting for top 15 percent of income													
1951	134,224	2.08	44,277,929	19,136,073	329,881	187,313	142,568	171,095	15.00	10.64	87.17	43.22	32.46
1952	184,961	2.47	48,691,414	20,442,402	263,252	152,729	110,523	140,491	15.00	10.92	118.27	41.98	31.03
1953	252,951	2.88	54,800,734	21,253,868	216,646	132,622	84,024	116,450	15.00	11.36	159.13	38.78	30.35
1954	237,182	2.67	56,561,040	20,377,195	238,471	152,557	85,914	125,942	15.00	11.61	146.51	36.03	31.10
1955	287,032	2.69	67,805,730	23,754,173	236,231	153,473	82,758	123,531	15.00	11.74	173.89	35.03	30.91
1956	349,999	2.87	77,052,050	26,133,328	220,149	145,483	74,667	116,230	15.00	11.92	208.22	33.92	30.25
1957	389,588	3.07	78,906,294	26,058,433	202,538	135,651	66,887	108,601	15.00	12.05	227.58	33.02	29.80
1958	395,769	3.20	77,111,759	24,906,869	194,840	131,907	62,933	104,776	15.00	12.17	227.26	32.30	29.26
1959	456,914	3.15	90,977,797	29,322,940	199,113	134,937	64,176	105,053	15.00	12.17	257.95	32.23	29.31
1960	525,152	3.49	93,536,868	28,676,604	178,114	123,508	54,606	96,121	15.00	12.40	291.79	30.66	28.53
1961	544,374	3.37	101,262,107	31,559,549	186,016	128,042	57,974	98,940	15.00	12.33	297.48	31.17	28.75
1962	646,955	3.68	110,169,583	32,871,237	170,289	119,480	50,809	93,213	15.00	12.53	348.25	29.84	28.20
1963	715,061	3.77	119,497,107	35,479,969	167,115	117,497	49,618	91,950	15.00	12.55	379.38	29.69	27.88
1964	757,508	3.63	132,976,128	36,323,053	175,544	127,593	47,951	94,218	15.00	12.75	396.31	27.32	28.24
1965	787,700	3.49	146,292,145	39,593,026	185,721	135,457	50,264	97,676	15.00	12.71	407.03	27.06	29.13
1966	886,667	3.59	160,673,979	43,590,621	181,211	132,049	49,162	95,794	15.00	12.74	453.36	27.13	28.68
1967	877,344	3.42	170,483,709	47,904,294	194,318	139,716	54,601	101,695	15.00	12.64	444.32	28.10	28.73
1968	931,703	3.40	184,675,637	57,418,490	198,213	136,586	61,627	102,684	15.00	12.31	467.26	31.09	29.03
1969	1,079,134	3.76	192,751,218	59,073,432	178,617	123,875	54,742	94,778	15.00	12.46	535.86	30.65	27.82
1970	1,194,644	4.20	188,986,920	52,464,906	158,195	114,278	43,917	89,113	15.00	12.80	585.66	27.76	27.12
1971	1,200,798	4.14	195,381,232	53,468,443	162,709	118,182	44,527	91,115	15.00	12.79	580.58	27.37	27.67
1972	1,278,460	4.10	214,156,688	58,369,250	167,511	121,856	45,656	93,286	15.00	12.78	610.87	27.26	27.93
1973	1,385,449	4.25	225,937,945	61,573,252	163,079	118,636	44,443	93,465	15.00	12.85	655.50	27.25	27.08
1974	1,347,691	4.24	216,859,271	61,816,718	160,912	115,043	45,869	91,945	15.00	12.74	631.70	28.51	27.01
1975	1,311,739	4.35	204,083,130	58,539,499	155,582	110,955	44,627	88,966	15.00	12.69	608.79	28.68	27.45
1976	1,397,353	4.39	217,695,462	65,175,325	155,791	109,149	46,642	89,613	15.00	12.52	642.27	29.94	27.97
1977	1,429,243	4.37	225,917,523	69,853,637	158,068	109,193	48,875	90,219	15.00	12.43	650.37	30.92	27.91
1978	1,477,660	4.34	236,875,030	74,758,312	160,304	109,712	50,592	91,101	15.00	12.41	665.33	31.56	27.43
1979	1,398,000	4.11	235,488,011	76,018,500	168,446	114,070	54,377	92,356	15.00	12.32	622.48	32.28	27.63
1980	1,339,870	4.11	223,408,698	73,941,704	166,739	111,553	55,186	91,589	15.00	12.33	589.59	33.10	26.70
1981	1,372,182	4.24	219,808,178	71,344,803	160,189	108,195	51,994	88,420	15.00	12.53	597.54	32.46	25.45
1982	1,218,464	3.82	216,147,243	67,325,169	177,393	122,139	55,254	91,133	15.00	12.58	525.21	31.15	26.12
1983	1,145,472	3.57	220,271,953	66,933,577	192,298	133,865	58,433	95,190	15.00	12.56	488.92	30.39	27.01
1984	1,123,282	3.34	235,942,958	72,651,649	210,048	145,370	64,678	100,583	15.00	12.47	475.01	30.79	27.59
1985	1,082,258	3.12	247,874,158	75,883,161	229,034	158,919	70,116	106,766	15.00	12.50	453.32	30.61	27.43
1986	882,879	2.45	268,208,529	90,202,893	303,789	201,620	102,169	127,538	15.00	12.06	366.22	33.63	28.87
Part IV — Returns accounting for top 20 percent of income													
1951	234,989	3.65	59,037,238	23,294,321	251,234	152,105	99,130	127,496	20.00	15.13	152.61	39.46	39.52
1952	319,534	4.26	64,921,885	24,918,405	203,176	125,193	77,983	104,980	20.00	15.46	204.32	38.38	37.83
1953	435,395	4.95	73,067,646	25,781,503	167,819	108,605	59,214	87,549	20.00	16.01	273.91	35.28	36.82
1954	411,438	4.63	75,414,721	24,644,706	183,296	123,397	59,899	94,597	20.00	16.30	254.16	32.68	37.61
1955	500,848	4.69	90,407,640	28,751,674	180,509	123,103	57,406	92,212	20.00	16.43	303.42	31.80	37.41
1956	608,354	4.98	102,736,066	31,900,306	168,876	116,438	52,437	86,533	20.00	16.58	361.93	31.05	36.93
1957	670,663	5.29	105,208,392	31,761,471	156,872	109,514	47,358	81,820	20.00	16.75	391.77	30.19	36.32
1958	679,397	5.49	102,815,679	30,404,918	151,334	106,581	44,753	79,684	20.00	16.88	390.12	29.57	35.72
1959	793,471	5.47	121,303,729	35,775,667	152,877	107,790	45,088	78,773	20.00	16.89	447.95	29.49	35.76
1960	898,471	5.97	124,715,825	34,833,621	138,809	100,039	38,770	73,761	20.00	17.18	489.21	27.93	34.66
1961	938,504	5.81	135,016,142	38,488,948	143,863	102,852	41,011	75,408	20.00	17.08	512.87	28.51	35.06
1962	1,097,937	6.25	146,892,777	39,962,966	133,790	97,392	36,398	72,314	20.00	17.33	591.02	27.21	34.06
1963	1,209,889	6.38	159,329,476	43,121,861	131,689	96,048	35,641	71,805	20.00	17.36	641.91	27.06	33.88
1964	1,296,322	6.22	177,301,505	44,710,493	136,773	102,282	34,490	73,288	20.00	17.50	678.20	25.22	34.76
1965	1,363,009	6.03	195,056,193	48,467,407	143,107	107,548	35,559	75,081	20.00	17.46	704.30	24.85	35.65
1966	1,528,180	6.19	214,231,973	53,394,651	140,188	105,248	34,940	74,229	20.00	17.50	781.37	24.92	35.14
1967	1,521,484	5.94	227,311,612	58,642,068	149,401	110,859	38,543	77,835	20.00	17.39	770.54	25.80	35.18
1968	1,623,728	5.93	246,234,183	69,384,884	151,647	108,916	42,732	78,781	20.00	17.11	814.31	28.18	35.08
1969	1,849,947	6.45	257,001,625	71,627,646	138,924	100,205	38,719	74,987	20.00	17.28	918.61	27.87	33.74
1970	1,987,249	6.99	251,982,560	63,770,041	126,800	94,710	32,090	72,258	20.00	17.65	974.22	25.31	32.96
1971	2,002,317	6.90	260,508,309	65,080,667	130,103	97,601	32,503	73,899	20.00	17.62	968.11	24.98	33.68
1972	2,135,799	6.85	285,542,250	71,172,392	133,693	100,370	33,324	75,770	20.00	17.59	1,020.53	24.93	34.06
1973	2,283,676	7.00	301,250,593	75,397,647	131,915	98,899	33,016	76,463	20.00	17.66	1,080.48	25.03	33.16
1974	2,225,152	7.00	289,145,695	75,388,612	129,944	96,064	33,880	74,845	20.00	17.57	1,043.00	26.07	32.93
1975	2,160,493	7.16	272,110,840	71,218,684	125,949	92,984	32,964	73,555	20.00	17.51	1,002.71	26.17	33.40
1976	2,293,915	7.21	290,260,616	78,979,495	126,535	92,105	34,430	74,308	20.00	17.34	1,054.37	27.21	33.89
1977	2,353,761	7.19	301,223,365	84,307,343	127,975	92,157	35,818	74,885	20.00	17.27	1,071.06	27.99	33.68
1978	2,436,530	7.16	315,833,373	90,216,821	129,624	92,597	37,027	75,637	20.00	17.27	1,097.07	28.56	33.10
1979	2,347,126	6.91	313,984,014	93,339,674	133,774	94,006	39,768	75,462	20.00	17.04	1,045.09	29.73	33.92
1980	2,247,912	6.89	297,878,263	91,320,933	132,513	91,889	40,625	74,799	20.00	17.04	989.16	30.66	32.98
1981	2,294,906	7.10	293,077,570	88,210,095	127,708	89,271	38,437	72,813	20.00	17.29	999.36	30.10	31.47
1982	2,108,853	6.61	288,196,324	82,618,883	136,660	97,483	39,177	73,235	20.00	17.37	909.00	28.67	32.05
1983	2,015,168	6.28	293,695,938	81,609,455	145,743	105,245	40,498	76,413	20.00	17.37	860.14	27.79	32.94
1984	2,011,360	5.98	314,590,611	89,052,324	156,407	112,132	44,275	7					

Individual Income Tax Shares, 1951-1986

Table 3.—Returns with Adjusted Gross Income \$25,000 or more in 1986 Dollars: Number of Returns, Income, and Federal Income Tax, Cumulated by Income Share Groups, Tax Years 1951-1986—Continued

(All figures are estimates—money amounts are in 1986 dollars)

Tax year	Returns		Adjusted gross income (thousand dollars)	Federal income tax (thousand dollars)	Mean income		Average income tax (dollars)	Minimum income cutoff (dollars)	Income share		Returns per 100,000 population	Average income tax rate (percent)	Income tax share (percent)
	Number	Percent of total			Before tax (dollars)	After tax (dollars)			Before tax (percent)	After tax (percent)			
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)
Part V — Returns accounting for top 25 percent of income													
1951	366,681	5.69	73,796,548	26,876,042	201,256	127,960	73,295	99,677	25.00	19.86	238.13	36.42	45.60
1952	495,597	6.61	81,152,357	28,830,125	163,747	105,574	58,172	81,936	25.00	20.22	316.89	35.53	43.77
1953	671,087	7.64	91,334,557	29,795,489	136,099	91,701	44,399	69,417	25.00	20.84	422.18	32.62	42.55
1954	636,952	7.17	94,268,401	28,421,523	147,999	103,378	44,621	74,559	25.00	21.14	393.46	30.15	43.37
1955	779,638	7.30	113,009,550	33,111,947	144,951	102,480	42,471	72,109	25.00	21.30	472.31	29.30	43.08
1956	944,053	7.73	128,420,083	36,670,653	136,031	97,187	38,844	68,451	25.00	21.47	561.64	28.56	42.45
1957	1,033,819	8.15	131,510,490	36,573,620	127,208	91,831	35,377	64,993	25.00	21.65	603.91	27.81	41.82
1958	1,041,149	8.41	128,519,599	35,079,599	123,440	89,747	33,693	64,124	25.00	21.78	597.85	27.30	41.21
1959	1,225,286	8.45	151,629,661	41,237,640	123,750	90,095	33,656	63,466	25.00	21.80	691.72	27.20	41.22
1960	1,368,066	9.09	155,894,781	40,336,633	113,953	84,468	29,484	60,586	25.00	22.09	760.13	25.87	40.14
1961	1,437,403	8.90	168,770,178	44,311,938	117,413	86,585	30,828	61,633	25.00	22.02	785.50	26.26	40.37
1962	1,658,752	9.44	183,615,971	46,130,075	110,695	82,885	27,810	60,141	25.00	22.28	892.90	25.12	39.31
1963	1,819,750	9.60	199,161,845	49,804,249	109,445	82,076	27,369	60,241	25.00	22.31	965.47	25.01	39.13
1964	1,961,112	9.40	221,626,881	52,028,499	113,011	86,481	26,530	61,400	25.00	22.38	1,026.00	23.48	40.45
1965	2,078,017	9.20	243,820,241	56,242,034	117,333	90,268	27,065	62,706	25.00	22.35	1,073.77	23.07	41.37
1966	2,318,728	9.40	267,789,966	62,020,625	115,490	88,742	26,748	62,530	25.00	22.39	1,185.59	23.16	40.81
1967	2,324,310	9.07	284,139,515	68,240,177	122,247	92,887	29,359	65,215	25.00	22.26	1,177.12	24.02	40.93
1968	2,484,826	9.07	307,792,729	79,979,816	123,869	91,682	32,187	65,934	25.00	22.05	1,246.16	25.98	40.43
1969	2,781,309	9.69	321,252,031	82,958,978	115,504	85,677	29,827	64,203	25.00	22.21	1,381.09	25.82	39.07
1970	2,925,626	10.28	314,978,200	73,982,433	107,662	82,374	25,288	62,945	25.00	22.60	1,434.24	23.49	38.24
1971	2,952,424	10.17	325,635,387	75,204,940	110,294	84,822	25,472	64,184	25.00	22.57	1,427.48	23.09	38.92
1972	3,150,646	10.11	356,927,813	82,379,776	113,287	87,140	26,147	65,893	25.00	22.53	1,505.44	23.08	39.42
1973	3,342,014	10.24	376,563,242	88,038,834	112,676	86,333	26,343	66,830	25.00	22.56	1,581.22	23.38	38.72
1974	3,266,024	10.28	361,432,119	88,143,083	110,664	83,676	26,988	65,086	25.00	22.46	1,530.89	24.39	38.51
1975	3,151,567	10.44	340,138,550	83,248,995	107,927	81,512	26,415	64,579	25.00	22.39	1,462.68	24.48	39.04
1976	3,340,296	10.49	362,825,771	92,114,827	108,621	81,044	27,577	65,237	25.00	22.22	1,535.32	25.39	39.53
1977	3,430,503	10.48	376,529,206	98,181,483	109,759	81,139	28,620	65,964	25.00	22.16	1,561.02	26.08	39.23
1978	3,556,020	10.45	394,791,717	104,929,620	111,021	81,513	29,508	66,582	25.00	22.18	1,601.13	26.58	38.50
1979	3,466,164	10.20	392,480,018	108,895,050	113,232	81,815	31,417	65,933	25.00	21.90	1,543.35	27.75	39.57
1980	3,318,985	10.17	372,347,829	107,187,020	112,187	79,892	32,295	65,213	25.00	21.87	1,460.47	28.79	38.70
1981	3,371,781	10.43	366,346,963	104,336,626	108,651	77,707	30,944	64,143	25.00	22.11	1,468.31	28.48	37.22
1982	3,170,770	9.93	360,245,404	97,384,181	113,615	82,901	30,713	63,569	25.00	22.12	1,366.73	27.03	37.78
1983	3,055,247	9.53	367,119,922	95,092,639	120,160	89,036	31,124	65,873	25.00	22.28	1,304.08	25.90	38.38
1984	3,081,026	9.15	393,238,264	102,981,505	127,632	94,208	33,424	68,500	25.00	22.16	1,302.89	26.19	39.11
1985	3,051,517	8.80	413,123,597	108,444,827	135,383	99,845	35,538	71,067	25.00	22.14	1,278.17	26.25	39.20
1986	2,762,260	7.68	447,014,214	129,063,879	161,829	115,098	46,731	77,816	25.00	21.55	1,145.80	28.88	41.32
Part VI — Returns accounting for top 30 percent of income													
1951	532,705	8.27	88,555,857	30,031,777	166,238	109,862	56,376	79,813	30.00	24.77	345.95	33.91	50.95
1952	716,580	9.56	97,382,828	32,333,010	135,899	90,778	45,121	66,464	30.00	25.14	458.19	33.20	49.08
1953	962,500	10.95	109,601,469	33,236,305	113,925	79,378	34,547	57,308	30.00	25.86	605.23	30.32	47.46
1954	918,082	10.33	113,122,081	31,736,666	123,216	88,647	34,568	60,963	30.00	26.12	567.12	28.06	48.43
1955	1,127,946	10.57	135,611,460	36,960,689	120,229	87,461	32,768	59,010	30.00	26.29	683.32	27.25	48.09
1956	1,359,123	11.13	154,104,099	40,892,607	113,385	83,297	30,088	56,473	30.00	26.49	808.58	26.54	47.34
1957	1,478,423	11.66	157,812,588	40,812,638	106,744	79,138	27,606	54,366	30.00	26.68	863.63	25.86	46.67
1958	1,479,025	11.95	154,223,519	39,261,000	104,274	77,729	26,545	54,221	30.00	26.80	849.29	25.46	46.12
1959	1,746,475	12.04	181,955,593	46,117,917	104,184	77,778	26,406	53,909	30.00	26.82	985.96	25.35	46.09
1960	1,923,251	12.77	187,073,737	45,184,814	97,270	73,776	23,494	52,500	30.00	27.13	1,068.60	24.15	44.96
1961	2,028,760	12.56	202,524,213	49,920,503	99,827	75,220	24,606	53,308	30.00	26.99	1,108.66	24.65	45.48
1962	2,313,109	13.17	220,339,165	52,119,023	95,257	72,725	22,532	52,788	30.00	27.26	1,245.14	23.65	44.42
1963	2,526,208	13.33	238,994,214	56,330,158	94,606	72,308	22,298	53,143	30.00	27.29	1,340.28	23.57	44.26
1964	2,733,886	13.11	265,952,257	58,288,021	97,280	75,959	21,321	53,985	30.00	27.40	1,430.30	21.92	45.31
1965	2,910,915	12.89	292,584,289	63,013,338	100,513	78,866	21,647	55,102	30.00	27.35	1,504.15	21.54	46.35
1966	3,233,322	13.10	321,347,959	69,709,339	99,386	77,827	21,560	55,279	30.00	27.38	1,653.23	21.69	45.87
1967	3,258,557	12.71	340,967,418	76,880,946	104,638	81,044	23,594	57,273	30.00	27.23	1,650.26	22.55	46.12
1968	3,482,334	12.71	369,351,274	89,603,246	106,064	80,333	25,731	58,153	30.00	27.07	1,746.41	24.26	45.30
1969	3,843,252	13.39	385,502,437	93,378,485	100,306	76,010	24,297	57,381	30.00	27.23	1,908.41	24.22	43.98
1970	3,982,906	14.00	377,973,840	83,710,652	94,899	73,882	21,017	56,677	30.00	27.59	1,952.56	22.15	43.26
1971	4,024,592	13.87	390,762,464	85,056,604	97,094	75,959	21,134	57,823	30.00	27.56	1,945.87	21.77	44.02
1972	4,294,054	13.78	428,313,376	92,924,837	99,746	78,105	21,640	59,456	30.00	27.52	2,051.78	21.70	44.47
1973	4,531,061	13.89	451,875,890	99,451,198	99,728	77,780	21,949	60,302	30.00	27.56	2,143.80	22.01	43.74
1974	4,437,619	13.96	433,718,543	99,794,744	97,737	75,248	22,488	58,831	30.00	27.44	2,080.05	23.01	43.60
1975	4,261,834	14.12	408,166,260	94,594,011	95,772	73,577	22,196	58,401	30.00	27.33	1,977.97	23.18	44.36
1976	4,512,478	14.18	435,390,925	104,626,424	96,486	73,300	23,186	59,017	30.00	27.15	2,074.10	24.03	44.89
1977	4,632,748	14.15	451,835,047	111,536,602	97,531	73,455	24,076	59,786	30.00	27.10	2,108.09	24.69	44.56
1978	4,805,040	14.11	473,750,060	119,197,367	98,594	73,788	24,807	60,475	30.00	27.14	2,163.51	25.16	43.73
1979	4,719,012	13.89	470,976,021	122,839,915	99,804	73,773							

Table 3.—Returns with Adjusted Gross Income \$25,000 or more in 1986 Dollars: Number of Returns, Income, and Federal Income Tax, Cumulated by Income Share Groups, Tax Years 1951-1986—Continued

[All figures are estimates—money amounts are in 1986 dollars]

Tax year	Returns		Adjusted gross income (thousand dollars)	Federal income tax (thousand dollars)	Mean income		Average income tax (dollars)	Minimum income cutoff (dollars)	Income share		Returns per 100,000 population	Average income tax rate (percent)	Income tax share (percent)
	Number	Percent of total			Before tax (dollars)	After tax (dollars)			Before tax (percent)	After tax (percent)			
Part VII — Returns accounting for top 35 percent of income													
1951.....	737,676	11.45	103,315,167	32,879,113	140,055	95,484	44,571	65,593	35.00	29.82	479.07	31.82	55.78
1952.....	984,639	13.13	113,613,300	35,321,631	115,386	79,513	35,873	55,511	35.00	30.26	629.59	31.09	53.62
1953.....	1,307,100	14.87	127,868,380	36,426,207	97,826	69,958	27,868	49,185	35.00	30.96	822.30	28.49	52.02
1954.....	1,255,589	14.13	131,975,761	34,656,085	105,111	77,509	27,601	51,615	35.00	31.24	775.61	26.26	52.89
1955.....	1,543,890	14.46	158,213,370	40,406,908	102,477	76,305	26,172	50,480	35.00	31.40	935.30	25.54	52.57
1956.....	1,850,165	15.15	179,788,116	44,773,968	97,174	72,974	24,200	49,021	35.00	31.60	1,100.71	24.90	51.84
1957.....	1,997,529	15.75	184,114,686	44,768,354	92,171	69,759	22,412	47,671	35.00	31.77	1,166.87	24.32	51.20
1958.....	1,986,385	16.05	179,927,438	43,102,624	90,580	68,881	21,699	47,787	35.00	31.90	1,140.62	23.96	50.64
1959.....	2,346,233	16.17	212,281,525	50,611,255	90,478	68,906	21,571	47,894	35.00	31.92	1,324.55	23.84	50.59
1960.....	2,552,449	16.95	218,252,693	49,758,705	85,507	66,013	19,494	47,190	35.00	32.21	1,418.19	22.80	49.51
1961.....	2,699,187	16.72	236,278,249	55,097,486	87,537	67,124	20,413	47,846	35.00	32.05	1,475.03	23.32	50.19
1962.....	3,045,661	17.34	257,062,359	57,709,188	84,403	65,455	18,948	47,808	35.00	32.30	1,639.47	22.45	49.18
1963.....	3,314,783	17.48	278,826,583	62,382,899	84,116	65,296	18,820	48,243	35.00	32.34	1,758.66	22.37	49.02
1964.....	3,597,906	17.25	310,277,633	64,007,661	86,238	68,448	17,790	48,999	35.00	32.49	1,882.33	20.63	49.76
1965.....	3,842,627	17.01	341,348,338	68,987,975	88,832	70,879	17,953	50,004	35.00	32.45	1,985.59	20.21	50.75
1966.....	4,251,551	17.23	374,905,952	76,487,317	88,181	70,191	17,990	50,280	35.00	32.47	2,173.86	20.40	50.33
1967.....	4,302,513	16.79	397,795,321	84,655,870	92,457	72,781	19,676	52,000	35.00	32.29	2,178.96	21.28	50.78
1968.....	4,595,776	16.77	430,909,820	99,110,494	93,762	72,197	21,566	52,882	35.00	32.11	2,304.81	23.00	50.10
1969.....	5,016,010	17.48	449,752,843	103,503,699	89,663	69,029	20,635	52,540	35.00	32.28	2,490.76	23.01	48.75
1970.....	5,143,083	18.08	440,969,479	92,698,681	85,740	67,716	18,024	52,178	35.00	32.66	2,521.32	21.02	47.91
1971.....	5,201,004	17.92	455,889,542	94,187,748	87,654	69,545	18,110	53,169	35.00	32.61	2,514.66	20.66	48.75
1972.....	5,548,119	17.80	499,698,938	103,220,133	90,066	71,462	18,605	54,664	35.00	32.53	2,651.00	20.66	49.40
1973.....	5,836,566	17.89	527,188,538	110,511,463	90,325	71,391	18,934	55,368	35.00	32.58	2,761.47	20.96	48.61
1974.....	5,718,930	17.99	506,004,966	110,691,491	88,479	69,124	19,355	54,237	35.00	32.49	2,680.64	21.88	48.36
1975.....	5,477,592	18.15	476,193,970	105,039,675	86,935	67,759	19,176	53,781	35.00	32.35	2,542.22	22.06	49.25
1976.....	5,794,480	18.20	507,956,079	116,352,495	87,662	67,582	20,080	54,463	35.00	32.14	2,663.36	22.91	49.93
1977.....	5,947,192	18.16	527,140,888	124,388,257	88,637	67,721	20,915	55,054	35.00	32.07	2,706.22	23.60	49.70
1978.....	6,166,786	18.11	552,708,403	133,068,652	89,627	68,048	21,578	55,826	35.00	32.12	2,776.64	24.08	48.82
1979.....	6,087,926	17.91	549,472,025	135,947,371	90,256	67,925	22,331	55,145	35.00	31.94	2,710.72	24.74	49.41
1980.....	5,845,305	17.91	521,286,961	135,555,178	89,180	65,990	23,190	54,204	35.00	31.81	2,572.14	26.00	48.95
1981.....	5,882,364	18.20	512,885,748	133,561,710	87,190	64,485	22,705	53,884	35.00	32.01	2,561.59	26.04	47.64
1982.....	5,677,166	17.78	504,343,566	123,874,411	88,837	67,017	21,820	52,944	35.00	32.16	2,447.10	24.56	48.06
1983.....	5,539,494	17.28	513,967,891	121,117,374	92,782	70,918	21,864	54,057	35.00	32.18	2,364.44	23.57	48.88
1984.....	5,646,899	16.77	550,533,569	130,018,079	97,493	74,468	23,025	55,900	35.00	32.11	2,387.93	23.62	49.38
1985.....	5,656,121	16.32	578,373,036	136,506,757	102,256	78,122	24,134	57,686	35.00	32.12	2,369.15	23.60	49.35
1986.....	5,385,207	14.97	625,819,900	159,095,134	116,211	86,668	29,543	61,202	35.00	31.63	2,233.80	25.42	50.92
Part VIII — Returns accounting for top 40 percent of income													
1951.....	984,039	15.28	118,074,476	35,507,651	119,990	83,906	36,084	55,097	40.00	34.95	639.06	30.07	60.24
1952.....	1,300,431	17.34	129,843,771	38,162,724	99,847	70,500	29,346	47,949	40.00	35.43	831.52	29.39	57.93
1953.....	1,702,142	19.37	146,135,292	39,562,263	85,854	62,611	23,243	43,712	40.00	36.09	1,070.83	27.07	56.50
1954.....	1,646,320	18.53	150,829,441	37,512,231	91,616	68,831	22,786	45,375	40.00	36.37	1,016.98	24.87	57.25
1955.....	2,020,008	18.92	180,815,280	43,795,644	89,512	67,831	21,681	44,907	40.00	36.52	1,223.74	24.22	56.98
1956.....	2,403,225	19.68	205,472,132	48,601,789	85,499	65,275	20,224	44,275	40.00	36.71	1,429.74	23.65	56.27
1957.....	2,578,188	20.33	210,416,784	48,668,491	81,614	62,737	18,877	43,275	40.00	36.88	1,506.07	23.13	55.66
1958.....	2,551,613	20.62	205,631,358	46,893,853	80,589	62,211	18,378	43,528	40.00	37.01	1,465.19	22.80	55.09
1959.....	3,009,943	20.75	242,607,457	55,046,237	80,602	62,314	18,288	43,873	40.00	37.03	1,699.24	22.69	55.02
1960.....	3,242,614	21.54	249,431,649	54,277,897	76,923	60,184	16,739	43,519	40.00	37.31	1,801.66	21.76	54.01
1961.....	3,436,186	21.28	270,032,284	60,052,093	78,585	61,108	17,476	44,024	40.00	37.14	1,877.78	22.24	54.70
1962.....	3,846,083	21.90	293,785,553	63,089,772	76,386	59,982	16,404	44,179	40.00	37.38	2,070.34	21.47	53.76
1963.....	4,174,746	22.02	318,658,952	68,239,203	76,330	59,984	16,346	44,605	40.00	37.41	2,214.92	21.41	53.62
1964.....	4,541,097	21.78	354,603,009	69,649,852	78,088	62,750	15,338	45,291	40.00	37.60	2,375.78	19.64	54.14
1965.....	4,858,286	21.51	390,112,386	74,814,715	80,298	64,899	15,399	46,249	40.00	37.56	2,510.41	19.18	55.04
1966.....	5,359,039	21.72	428,463,945	82,957,293	79,952	64,472	15,480	46,631	40.00	37.59	2,740.13	19.36	54.59
1967.....	5,441,251	21.23	454,623,224	91,715,970	83,551	66,696	16,856	48,042	40.00	37.42	2,755.66	20.17	55.01
1968.....	5,807,225	21.19	492,468,366	108,201,192	84,803	66,171	18,632	48,979	40.00	37.19	2,912.36	21.97	54.70
1969.....	6,286,394	21.91	514,003,249	113,479,269	81,764	63,713	18,052	48,832	40.00	37.34	3,121.58	22.08	53.45
1970.....	6,395,528	22.48	503,965,119	101,526,644	78,800	62,925	15,875	48,588	40.00	37.74	3,135.31	20.15	52.47
1971.....	6,472,342	22.30	521,016,619	102,826,556	80,499	64,612	15,887	49,464	40.00	37.70	3,129.35	19.74	53.22
1972.....	6,903,589	22.15	571,084,501	112,673,682	82,723	66,402	16,321	50,855	40.00	37.61	3,298.67	19.73	53.92
1973.....	7,249,140	22.22	602,501,187	121,256,178	83,113	66,387	16,727	51,454	40.00	37.63	3,429.81	20.13	53.33
1974.....	7,101,641	22.34	578,291,390	121,394,561	81,431	64,337	17,094	50,492	40.00	37.55	3,328.76	20.99	53.03
1975.....	6,789,521	22.50	544,221,680	114,856,156	80,156	63,239	16,917	50,081	40.00	37.42	3,151.10	21.10	53.86
1976.....	7,175,071	22.54	580,521,233	127,197,104	80,908	63,180	17,728	50,828	40.00	37.21	3,297.93	21.91	54.58
1977.....	7,364,877	22.49	602,446,729	136,516,351	81,800	63,264	18,536	51,357	40.00	37.10	3,351.33	22.66	54.54
1978.....	7,633,501	22.42	631,666,746	146,553,732	82,749	63,551	19,199	52,020	40.00				

Individual Income Tax Shares, 1951-1986

Table 3.—Returns with Adjusted Gross Income \$25,000 or more in 1986 Dollars: Number of Returns, Income, and Federal Income Tax, Cumulated by Income Share Groups, Tax Years 1951-1986—Continued

[All figures are estimates—money amounts are in 1986 dollars]

Tax year	Returns		Adjusted gross income (thousand dollars)	Federal income tax (thousand dollars)	Mean income		Average income tax (dollars)	Minimum income cutoff (dollars)	Income share		Returns per 100,000 population	Average income tax rate (percent)	Income tax share (percent)
	Number	Percent of total			Before tax (dollars)	After tax (dollars)			Before tax (percent)	After tax (percent)			
Part IX — Returns accounting for top 45 percent of income													
1951	1,273,087	19.77	132,833,786	37,899,606	104,340	74,570	29,770	47,637	45.00	40.19	826.78	28.53	64.30
1952	1,659,898	22.14	146,074,242	40,964,227	88,002	63,323	24,679	42,754	45.00	40.62	1,061.36	28.04	62.19
1953	2,139,961	24.35	164,402,203	42,597,526	76,825	56,919	19,906	40,002	45.00	41.25	1,346.26	25.91	60.83
1954	2,083,784	23.45	169,683,121	40,320,165	81,430	62,081	19,349	41,138	45.00	41.52	1,287.21	23.76	61.53
1955	2,547,486	23.87	203,417,190	47,122,406	79,850	61,353	18,498	41,061	45.00	41.66	1,543.29	23.17	61.31
1956	3,008,221	24.63	231,156,149	52,367,631	76,841	59,433	17,408	40,842	45.00	41.84	1,789.67	22.65	60.63
1957	3,210,730	25.32	236,718,882	52,505,121	73,727	57,374	16,353	40,081	45.00	42.00	1,875.57	22.18	60.04
1958	3,165,590	25.58	231,335,278	50,642,318	73,078	57,080	15,998	40,398	45.00	42.12	1,817.75	21.89	59.49
1959	3,727,496	25.70	272,933,390	59,432,051	73,222	57,277	15,944	40,858	45.00	42.16	2,104.33	21.78	59.40
1960	3,984,776	26.46	280,610,605	58,747,998	70,421	55,678	14,743	40,703	45.00	42.41	2,214.02	20.94	58.46
1961	4,230,856	26.20	303,786,320	64,841,501	71,803	56,477	15,326	41,082	45.00	42.27	2,312.04	21.34	59.07
1962	4,705,909	26.79	330,508,748	68,279,979	70,233	55,723	14,509	41,375	45.00	42.49	2,533.18	20.66	58.19
1963	5,097,654	26.89	358,491,321	73,892,577	70,325	55,829	14,495	41,822	45.00	42.52	2,704.57	20.61	58.06
1964	5,554,875	26.64	398,928,385	75,234,430	71,816	58,272	13,544	42,382	45.00	42.71	2,906.17	18.86	58.49
1965	5,950,417	26.34	438,876,434	80,574,337	73,756	60,215	13,541	43,235	45.00	42.69	3,074.74	18.36	59.27
1966	6,547,620	26.54	482,021,938	89,346,905	73,618	59,972	13,646	43,652	45.00	42.72	3,347.86	18.54	58.79
1967	6,666,558	26.01	511,451,127	98,569,590	76,719	61,933	14,786	44,868	45.00	42.57	3,376.21	19.27	59.13
1968	7,108,101	25.94	554,026,911	116,434,323	77,943	61,563	16,381	45,797	45.00	42.35	3,564.76	21.02	58.86
1969	7,646,363	26.64	578,253,655	122,916,387	75,625	59,550	16,075	45,783	45.00	42.45	3,796.89	21.26	57.89
1970	7,734,986	27.19	566,960,759	110,295,723	73,298	59,039	14,259	45,592	45.00	42.82	3,791.96	19.45	57.00
1971	7,833,283	26.99	586,143,696	111,329,227	74,827	60,615	14,212	46,384	45.00	42.80	3,787.36	18.99	57.62
1972	8,354,377	26.81	642,470,063	121,740,691	76,902	62,330	14,572	47,687	45.00	42.73	3,991.88	18.95	58.26
1973	8,762,673	26.86	677,813,835	131,262,206	77,352	62,373	14,980	48,202	45.00	42.74	4,145.91	19.37	57.73
1974	8,581,096	27.00	650,577,814	131,917,695	75,815	60,442	15,373	47,351	45.00	42.62	4,022.23	20.28	57.63
1975	8,193,592	27.15	612,249,390	124,458,386	74,723	59,533	15,190	46,940	45.00	42.52	3,802.75	20.33	58.36
1976	8,648,853	27.17	653,086,387	137,472,579	75,511	59,616	15,895	47,741	45.00	42.32	3,975.33	21.05	58.99
1977	8,879,556	27.12	677,752,570	147,772,866	76,327	59,685	16,642	48,173	45.00	42.20	4,040.57	21.80	59.04
1978	9,202,372	27.03	710,625,090	159,531,107	77,222	59,886	17,336	48,744	45.00	42.18	4,143.44	22.45	58.53
1979	9,139,586	26.89	706,464,032	161,379,684	77,297	59,640	17,657	48,337	45.00	42.10	4,069.51	22.84	58.65
1980	8,785,778	26.93	670,226,093	160,578,669	76,285	58,008	18,277	47,619	45.00	42.03	3,866.04	23.96	57.98
1981	8,794,672	27.20	659,424,533	159,829,774	74,980	56,807	18,173	47,282	45.00	42.16	3,829.81	24.24	57.01
1982	8,590,336	26.91	648,441,728	147,770,899	75,485	58,283	17,202	46,507	45.00	42.31	3,702.79	22.79	57.33
1983	8,458,389	26.38	660,815,860	143,752,234	78,125	61,130	16,995	47,214	45.00	42.36	3,610.31	21.75	58.02
1984	8,684,707	25.80	707,828,874	154,716,006	81,503	63,688	17,815	48,394	45.00	42.23	3,672.54	21.86	58.76
1985	8,758,353	25.27	743,622,475	163,166,843	84,904	66,275	18,630	49,629	45.00	42.19	3,668.56	21.94	58.99
1986	8,576,597	23.84	804,625,586	188,057,993	93,816	71,890	21,927	51,807	45.00	41.78	3,557.60	23.37	60.19
Part X — Returns accounting for top 50 percent of income													
1951	1,602,565	24.89	147,593,095	40,143,812	92,098	67,048	25,050	42,359	50.00	45.48	1,040.75	27.20	68.10
1952	2,057,941	27.45	162,304,714	43,632,168	78,868	57,666	21,202	39,037	50.00	45.87	1,315.88	26.88	66.24
1953	2,613,371	29.74	182,669,115	45,400,233	69,898	52,526	17,372	37,334	50.00	46.48	1,644.08	24.85	64.84
1954	2,561,303	28.82	188,536,801	42,955,200	73,610	56,839	16,771	38,062	50.00	46.73	1,582.18	22.78	65.55
1955	3,119,105	29.22	226,019,100	50,241,548	72,463	56,355	16,108	38,211	50.00	46.85	1,889.58	22.23	65.37
1956	3,660,065	29.97	256,840,166	55,944,037	70,174	54,889	15,285	38,111	50.00	47.01	2,177.47	21.78	64.77
1957	3,889,073	30.67	263,020,980	56,186,651	67,631	53,183	14,447	37,584	50.00	47.16	2,271.83	21.36	64.25
1958	3,822,896	30.89	257,039,198	54,326,958	67,237	53,026	14,211	37,927	50.00	47.26	2,195.19	21.14	63.82
1959	4,493,657	30.98	303,259,322	63,755,560	67,486	53,298	14,188	38,416	50.00	47.29	2,536.85	21.02	63.72
1960	4,774,341	31.71	311,789,561	63,160,456	65,305	52,076	13,229	38,382	50.00	47.53	2,652.72	20.26	62.85
1961	5,077,720	31.45	337,540,355	69,465,691	66,475	52,794	13,680	38,732	50.00	47.42	2,774.83	20.58	63.28
1962	5,619,727	32.00	367,231,942	73,300,113	65,347	52,304	13,043	39,084	50.00	47.63	3,025.08	19.96	62.47
1963	6,078,764	32.06	398,323,690	79,389,880	65,527	52,467	13,060	39,465	50.00	47.65	3,225.10	19.93	62.38
1964	6,633,287	31.81	443,253,762	80,768,984	66,823	54,646	12,176	39,977	50.00	47.83	3,470.36	18.22	62.79
1965	7,114,035	31.49	487,640,482	86,280,888	68,546	56,418	12,128	40,716	50.00	47.82	3,676.01	17.69	63.47
1966	7,812,932	31.66	535,579,931	95,675,179	68,550	56,305	12,246	41,137	50.00	47.86	3,994.83	17.86	62.96
1967	7,974,232	31.12	568,279,030	105,331,332	71,264	58,055	13,209	42,191	50.00	47.73	4,038.47	18.54	63.18
1968	8,494,929	31.00	615,585,457	124,415,247	72,465	57,819	14,646	43,077	50.00	47.53	4,260.27	20.21	62.89
1969	9,092,361	31.68	642,504,061	131,659,628	70,664	56,184	14,480	43,176	50.00	47.62	4,514.91	20.49	62.01
1970	9,158,319	32.19	629,956,399	119,012,258	68,785	55,790	12,995	43,011	50.00	47.91	4,489.72	18.89	61.51
1971	9,280,245	31.97	651,270,774	119,783,899	70,178	57,271	12,907	43,735	50.00	47.91	4,486.96	18.39	62.00
1972	9,897,454	31.76	713,855,626	130,666,303	72,125	58,923	13,202	44,950	50.00	47.85	4,729.20	18.30	62.53
1973	10,373,100	31.79	753,126,483	140,893,718	72,604	59,021	13,583	45,414	50.00	47.87	4,907.86	18.71	61.97
1974	10,154,482	31.95	722,864,238	141,917,959	71,187	57,211	13,976	44,620	50.00	47.74	4,759.72	19.63	62.00
1975	9,687,573	32.11	680,277,100	133,922,181	70,222	56,397	13,824	44,224	50.00	47.62	4,496.12	19.69	62.80
1976	10,216,306	32.09	725,651,541	147,484,468	71,029	56,593	14,436	44,937	50.00	47.46	4,695.79	20.32	63.28
1977	10,491,529	32.04	753,058,411	158,479,425	71,778	56,672	15,105	45,341	50.00	47.35	4,774.08	21.04	63.32
1978	10,872,822	31.94	789,583,433	171,617,043	72,620	56,836	15,784	45,897	50.00	47.30	4,895.57	21.74	62.96
1979	10,811,881	31.81	784,960,036	173,529,542	72,602	56,552	16,050	45,623	50.00	47.22	4,814.12	22.11	63.06
1980	10,396,052	31.86	744,695,659	172,756,951	71,633	55,015	16,618	44,929	50.00	47.17	4,574.62	23.20	62.38
1981	10,388,971	32.14	732,693,925	172,154,703	70,526	53,955	16,571	44,691	50.00	47.30	4,524.08	23.50	61.41
1982	10,585,078	31.90	720,490,809	158,845,721	70,740	55,144	15,596	43,926	50.00	47.47	4,390.20	22.05	61.63
1983	10,060,187	31.37	734,239,845	154,514,104	72,985	57,626	15,359	44,517	50.00	47.49	4,294.01	21.04	62.36

Individual Income Tax Shares, 1951-1986

Table 4.—Returns with Adjusted Gross Income \$25,000 or more in 1986 Dollars: Number of Returns, Income, and Federal Income Tax, Cumulated by Return Percentile Groups, Tax Years 1951-1986

(All figures are estimates—money amounts are in 1986 dollars)

Tax year	Returns		Adjusted gross income (thousand dollars)	Federal income tax (thousand dollars)	Mean income		Average income tax (dollars)	Minimum income cutoff (dollars)	Income share		Returns per 100,000 population	Average income tax rate (percent)	Income tax share (percent)
	Number	Percent of total			Before tax (dollars)	After tax (dollars)			Before tax (percent)	After tax (percent)			
Part I — Top 1 percent of returns													
1951	64,398	1.00	30,168,227	14,371,758	468,463	245,293	223,170	246,243	10.22	6.69	41.82	47.64	24.38
1952	74,977	1.00	29,902,333	14,197,283	398,822	209,466	189,356	216,949	9.21	6.07	47.94	47.48	21.55
1953	87,877	1.00	30,745,861	13,891,935	349,873	191,789	158,083	192,457	8.42	5.71	55.28	45.18	19.84
1954	88,861	1.00	33,467,549	13,908,057	376,627	220,113	156,514	204,255	8.88	6.28	54.89	41.56	21.22
1955	106,739	1.00	40,405,861	16,254,079	378,549	226,270	152,279	198,012	8.94	6.44	64.66	40.23	21.15
1956	122,124	1.00	43,773,956	17,387,438	358,439	216,063	142,375	194,052	8.52	6.18	72.65	39.72	20.13
1957	126,821	1.00	42,827,028	16,779,966	337,696	205,384	132,312	187,067	8.14	5.94	74.08	39.18	19.19
1958	123,749	1.00	40,923,519	15,683,285	330,697	203,962	126,734	182,763	7.96	5.88	71.06	38.32	18.42
1959	145,059	1.00	48,893,503	18,634,285	337,060	208,600	128,460	186,661	8.06	5.97	81.89	38.11	18.62
1960	150,568	1.00	47,371,098	17,396,267	314,615	199,078	115,537	171,298	7.60	5.73	83.66	36.72	17.31
1961	161,464	1.00	53,022,344	19,648,549	328,386	206,695	121,690	172,567	7.85	5.90	88.24	37.06	17.90
1962	175,640	1.00	53,504,805	19,257,613	304,628	194,985	109,643	168,954	7.28	5.55	94.95	35.99	16.41
1963	189,581	1.00	57,099,996	20,501,264	301,190	193,050	108,140	167,614	7.17	5.47	100.58	35.90	16.11
1964	208,526	1.00	65,525,113	22,243,227	314,231	207,561	106,669	171,992	7.39	5.71	109.10	33.95	17.29
1965	225,879	1.00	74,832,922	25,458,595	331,297	218,588	112,709	176,818	7.67	5.88	116.72	34.02	18.73
1966	246,739	1.00	80,440,818	27,643,359	326,016	213,981	112,035	176,204	7.51	5.74	126.16	34.36	18.19
1967	256,281	1.00	88,501,417	31,127,276	345,330	223,872	121,458	183,116	7.79	5.92	129.79	35.17	18.67
1968	274,008	1.00	97,767,977	36,597,605	356,807	223,243	133,564	183,927	7.94	5.92	137.42	37.43	18.50
1969	286,973	1.00	95,366,320	35,810,532	332,319	207,531	124,787	174,946	7.42	5.55	142.50	37.55	16.87
1970	284,494	1.00	83,742,700	29,204,980	294,356	191,701	102,656	167,804	6.65	5.11	139.47	34.87	15.09
1971	290,263	1.00	87,695,238	30,296,220	302,124	197,748	104,375	169,839	6.73	5.17	140.34	34.55	15.68
1972	311,632	1.00	97,403,565	33,162,798	312,559	206,143	106,416	173,793	6.82	5.27	148.90	34.05	15.87
1973	326,293	1.00	98,199,911	33,243,021	300,957	199,076	101,881	173,668	6.52	5.08	154.38	33.85	14.62
1974	317,846	1.00	94,849,637	33,231,398	298,414	193,862	104,552	170,936	6.56	5.06	148.98	35.04	14.52
1975	301,743	1.00	87,699,071	30,819,353	290,641	188,504	102,138	167,463	6.45	4.96	140.04	35.14	14.45
1976	318,327	1.00	93,243,324	34,361,848	292,917	184,972	107,945	167,705	6.42	4.83	146.31	36.85	14.74
1977	327,402	1.00	97,980,745	36,938,743	299,268	186,444	112,824	168,998	6.51	4.86	148.98	37.70	14.76
1978	340,436	1.00	103,140,801	39,339,069	302,967	187,412	115,555	170,840	6.53	4.88	153.28	38.14	14.43
1979	339,848	1.00	109,596,430	42,638,005	322,487	197,025	125,462	170,823	6.98	5.17	151.32	38.90	15.50
1980	326,304	1.00	104,159,860	40,679,726	319,211	194,543	124,668	169,117	6.99	5.24	143.59	39.06	14.69
1981	323,284	1.00	101,184,776	38,038,696	312,991	195,327	117,664	163,211	6.90	5.33	140.78	37.59	13.57
1982	319,247	1.00	111,272,943	38,965,043	348,548	226,495	122,053	167,164	7.72	6.11	137.61	35.02	15.12
1983	320,645	1.00	120,193,111	41,577,585	374,848	245,179	129,669	173,363	8.18	6.44	136.86	34.59	16.78
1984	336,626	1.00	136,082,009	47,550,073	404,253	262,998	141,255	177,919	8.65	6.76	142.35	34.94	18.06
1985	346,603	1.00	149,028,467	51,134,296	429,969	282,439	147,530	186,780	9.02	7.12	145.18	34.31	18.49
1986	359,720	1.00	186,116,492	68,362,344	517,393	327,350	190,043	204,280	10.41	7.98	149.21	36.73	21.88
Part II — Top 5 percent of returns													
1951	321,991	5.00	69,177,135	25,814,630	214,842	134,670	80,172	107,260	23.44	18.36	209.11	37.32	43.79
1952	374,883	5.00	70,473,921	26,310,438	187,989	117,806	70,183	95,985	21.71	17.07	239.71	37.33	39.94
1953	439,386	5.00	73,416,186	25,862,222	167,088	108,228	58,860	87,123	20.10	16.10	276.42	35.23	36.93
1954	444,306	5.00	78,460,676	25,285,096	176,591	119,682	56,909	90,829	20.81	17.07	274.46	32.23	38.59
1955	533,694	5.00	93,384,789	29,368,056	174,978	119,950	55,028	89,085	20.66	17.06	323.32	31.45	38.21
1956	610,620	5.00	102,931,970	31,938,224	168,570	116,265	52,305	86,361	20.04	16.61	363.27	31.03	36.98
1957	634,106	5.00	102,171,686	31,181,992	161,127	111,952	49,175	84,340	19.42	16.19	370.42	30.52	35.66
1958	618,747	5.00	97,867,854	29,462,026	158,171	110,555	47,616	83,574	19.04	15.95	355.30	30.10	34.61
1959	725,293	5.00	115,807,364	34,739,623	159,670	111,772	47,897	82,546	19.09	16.01	409.46	30.00	34.72
1960	752,842	5.00	113,502,262	32,794,429	150,765	107,204	43,561	80,551	18.20	15.43	418.29	28.89	32.63
1961	807,318	5.00	124,750,429	36,589,363	154,524	109,202	45,322	81,324	18.48	15.60	441.18	29.33	33.33
1962	878,198	5.00	130,152,352	36,965,383	148,204	106,112	42,092	80,525	17.72	15.10	472.73	28.40	31.50
1963	947,906	5.00	139,468,483	39,568,440	147,133	105,390	41,743	80,388	17.51	14.92	502.91	28.37	31.09
1964	1,042,628	5.00	157,803,546	41,155,833	151,352	111,879	39,473	80,849	17.80	15.39	545.48	26.08	31.99
1965	1,129,394	5.00	176,760,616	45,265,364	156,509	116,430	40,079	81,824	18.12	15.67	583.59	25.61	33.30
1966	1,233,694	5.00	191,326,793	49,344,138	155,084	115,087	39,997	81,663	17.86	15.45	630.80	25.79	32.47
1967	1,281,404	5.00	207,855,124	55,075,408	162,209	119,228	42,981	84,254	18.29	15.75	648.95	26.50	33.04
1968	1,370,038	5.00	225,470,368	65,674,614	164,572	116,636	47,936	85,225	18.31	16.46	687.08	29.13	33.20
1969	1,434,863	5.00	224,276,741	65,580,216	156,305	110,600	45,705	83,321	17.45	14.79	712.50	29.24	30.89
1970	1,422,472	5.00	208,534,509	56,249,075	146,600	107,057	39,543	82,693	16.55	14.28	697.34	26.97	29.07
1971	1,451,314	5.00	217,268,092	57,566,904	149,704	110,039	39,665	83,963	16.68	14.40	701.70	26.50	29.80
1972	1,558,161	5.00	239,152,359	62,988,757	153,484	113,059	40,425	85,754	16.75	14.45	744.52	26.34	30.14
1973	1,631,463	5.00	248,162,917	65,746,149	152,111	111,812	40,299	87,286	16.48	14.26	771.90	26.49	28.92
1974	1,589,228	5.00	238,331,307	65,932,185	149,967	108,480	41,487	85,774	16.49	14.17	744.92	27.66	28.80
1975	1,508,717	5.00	221,098,677	61,782,183	146,547	105,597	40,950	84,074	16.25	13.89	700.21	27.94	28.97
1976	1,591,634	5.00	234,652,171	68,467,107	147,428	104,412	43,017	85,112	16.17	13.64	731.57	29.18	29.38
1977	1,637,008	5.00	244,157,250	73,406,350	149,148	104,307	44,842	85,549	16.21	13.60	744.91	30.07	29.33
1978	1,702,178	5.00	256,766,963	78,886,007	150,846	104,502	46,344	86,263	16.26	13.61	766.42	30.72	28.94
1979	1,699,239	5.00	262,196,477	82,184,594	154,302	105,937	48,366	85,279	16.70	13.90	756.61	31.34	29.87
1980	1,631,521	5.00	249,035,077	80,006,911	152,640	103,602	49,038	84,521	16.72	13.94	717.93	32.13	28.89
1981	1,616,418	5.00	240,674,302	76,156,852	148,894	101,779	47,115	82,760	16.42	13.88	703.90	31.64	27.17
1982	1,596,235	5.00	248,685,262	74,344,098	155,795	109,220	46,575	81,658	17.26	14.73	688.04	29.89	28.84
1983	1,603,225	5.00	260,879,213	75,461,020	162,721	115,653	47,068	83,317	17.77	15.19	684.31	28.93	30.46
1984	1,683,130	5.00	287,527,539	83,887,613	170,829	120,989	49,840	85,370	18.28	15.55	711.75	29.18	31.86
1985	1,733,013	5.00											

Individual Income Tax Shares, 1951-1986

Table 4.—Returns with Adjusted Gross Income \$25,000 or more in 1986 Dollars: Number of Returns, Income, and Federal Income Tax, Cumulated by Return Percentile Groups, Tax Years 1951-1986—Continued

[All figures are estimates—money amounts are in 1986 dollars]

Tax year	Returns		Adjusted gross income (thousand dollars)	Federal income tax (thousand dollars)	Mean income		Average income tax (dollars)	Minimum income cutoff (dollars)	Income share		Returns per 100,000 population	Average income tax rate (percent)	Income tax share (percent)
	Number	Percent of total			Before tax (dollars)	After tax (dollars)			Before tax (percent)	After tax (percent)			
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)
Part III — Top 10 percent of returns													
1951	643,983	10.00	96,922,035	31,652,189	150,504	101,353	49,151	71,108	32.83	27.63	418.22	32.66	53.70
1952	749,766	10.00	99,560,552	32,761,261	132,789	89,093	43,695	64,796	30.67	25.82	479.41	32.91	49.73
1953	878,772	10.00	104,714,823	32,364,531	119,160	82,331	36,829	60,092	28.66	24.50	552.84	30.91	46.22
1954	888,612	10.00	111,309,587	31,447,782	125,262	89,872	35,390	62,046	29.52	25.63	548.92	28.25	47.99
1955	1,067,388	10.00	131,984,952	36,396,200	123,652	89,554	34,098	60,789	29.20	25.48	646.63	27.58	47.35
1956	1,221,240	10.00	146,102,024	39,661,337	119,634	87,158	32,476	59,735	28.44	24.91	726.55	27.15	45.92
1957	1,268,212	10.00	145,955,870	38,999,977	115,088	84,336	30,752	58,654	27.75	24.39	740.83	26.72	44.60
1958	1,237,494	10.00	140,578,704	37,160,118	113,599	83,571	30,029	58,965	27.35	24.11	710.60	26.43	43.65
1959	1,450,586	10.00	165,352,835	43,588,114	113,990	83,942	30,049	58,572	27.26	24.04	818.92	26.36	43.57
1960	1,505,684	10.00	164,057,984	41,706,639	108,959	81,260	27,699	58,113	26.31	23.39	836.59	25.42	41.50
1961	1,614,637	10.00	179,415,892	46,110,836	111,118	82,560	28,558	58,607	26.58	23.58	882.35	25.70	42.00
1962	1,756,397	10.00	189,419,334	47,092,366	107,845	81,033	26,812	58,747	25.79	23.06	945.46	24.86	40.13
1963	1,895,812	10.00	203,706,047	50,556,248	107,451	80,783	26,667	59,271	25.57	22.88	1,005.83	24.82	39.72
1964	2,085,256	10.00	229,155,549	53,168,090	109,893	84,396	25,497	59,907	25.85	23.22	1,090.95	23.20	41.33
1965	2,258,788	10.00	254,965,601	57,885,482	112,877	87,250	25,627	60,659	26.14	23.48	1,167.18	22.70	42.58
1966	2,467,388	10.00	276,971,609	63,407,391	112,253	86,555	25,698	61,043	25.86	23.23	1,261.60	22.89	41.73
1967	2,562,808	10.00	299,382,413	70,632,838	116,818	89,257	27,561	62,692	26.34	23.59	1,297.91	23.59	42.37
1968	2,740,076	10.00	324,311,777	82,634,842	118,359	88,201	30,158	63,567	26.34	23.39	1,374.17	25.48	41.77
1969	2,869,726	10.00	326,896,600	83,928,264	113,912	84,666	29,246	63,487	25.44	22.65	1,424.99	25.67	39.53
1970	2,844,943	10.00	309,875,048	73,160,223	108,921	83,205	25,716	63,556	24.59	22.20	1,394.69	23.61	37.81
1971	2,902,627	10.00	322,430,142	74,715,412	111,082	85,342	25,741	64,566	24.75	22.33	1,403.41	23.17	38.67
1972	3,116,322	10.00	354,661,795	82,042,601	113,808	87,481	26,327	66,144	24.84	22.37	1,489.04	23.13	39.26
1973	3,262,927	10.00	371,256,511	87,195,460	113,780	87,057	26,723	67,379	24.65	22.21	1,543.80	23.49	38.35
1974	3,178,455	10.00	355,706,234	87,171,401	111,912	84,886	27,426	65,697	24.60	22.07	1,489.84	24.51	38.08
1975	3,017,434	10.00	331,413,273	81,740,165	109,833	82,744	27,089	65,534	24.36	21.76	1,400.43	24.66	38.33
1976	3,183,268	10.00	352,498,665	90,283,433	110,735	82,373	28,362	66,309	24.29	21.52	1,463.15	25.61	38.74
1977	3,274,016	10.00	366,135,849	96,298,671	111,831	82,418	29,413	66,986	24.31	21.49	1,489.81	26.30	38.48
1978	3,404,356	10.00	384,642,211	103,064,658	112,985	82,711	30,274	67,532	24.36	21.55	1,532.84	26.79	37.81
1979	3,398,479	10.00	388,004,168	108,042,288	114,170	82,379	31,791	66,354	24.71	21.62	1,513.21	27.85	39.26
1980	3,263,042	10.00	368,689,117	106,444,006	112,989	80,368	32,621	65,592	24.75	21.63	1,435.85	28.87	38.44
1981	3,232,836	10.00	357,375,701	102,428,469	110,546	78,862	31,684	65,015	24.39	21.51	1,407.80	28.66	36.54
1982	3,192,470	10.00	361,623,089	97,657,494	113,274	82,684	30,590	63,426	25.10	22.31	1,376.09	27.01	37.89
1983	3,206,451	10.00	376,997,935	96,886,465	117,575	87,359	30,216	64,788	25.67	22.95	1,368.62	25.70	39.10
1984	3,366,261	10.00	412,472,386	106,339,117	122,531	90,942	31,590	66,450	26.22	23.38	1,423.50	25.78	40.38
1985	3,466,026	10.00	441,934,173	113,406,751	127,505	94,785	32,720	68,055	26.74	23.88	1,451.79	25.66	41.00
1986	3,597,196	10.00	508,728,850	139,641,489	141,424	102,604	38,820	70,600	28.45	25.01	1,492.13	27.45	44.70
Part IV — Top 15 percent of returns													
1951	965,974	15.00	117,073,856	35,338,474	121,198	84,614	36,583	55,690	39.66	34.60	627.33	30.18	59.95
1952	1,124,649	15.00	121,104,377	36,638,885	107,682	75,104	32,578	51,650	37.31	32.65	719.12	30.25	55.62
1953	1,318,158	15.00	128,411,796	36,520,180	97,418	69,712	27,705	48,988	35.15	31.12	829.26	28.44	52.15
1954	1,332,919	15.00	135,910,670	35,255,059	101,965	75,515	26,450	50,099	36.04	32.31	823.38	25.94	53.80
1955	1,601,083	15.00	161,077,679	40,838,633	100,605	75,099	25,507	49,643	35.63	32.05	969.95	25.35	53.13
1956	1,831,859	15.00	178,889,468	44,639,212	97,655	73,286	24,368	49,224	34.83	31.42	1,089.82	24.95	51.68
1957	1,902,318	15.00	179,532,400	44,083,721	94,376	71,202	23,174	48,626	34.13	30.88	1,111.25	24.55	50.41
1958	1,856,242	15.00	173,628,581	42,167,245	93,538	70,821	22,716	49,103	33.77	30.65	1,065.89	24.29	49.54
1959	2,175,878	15.00	204,018,116	49,393,874	93,764	71,063	22,701	49,272	33.64	30.53	1,228.37	24.21	49.37
1960	2,258,526	15.00	204,100,201	47,690,361	90,369	69,253	21,116	49,326	32.73	29.90	1,254.88	23.37	47.45
1961	2,421,955	15.00	222,757,727	53,047,559	91,974	70,072	21,903	49,768	33.00	30.02	1,323.53	23.81	48.32
1962	2,634,595	15.00	236,908,454	54,660,614	89,922	69,175	20,747	50,366	32.26	29.53	1,418.20	23.07	46.58
1963	2,843,718	15.00	255,497,889	58,857,273	89,846	69,149	20,697	50,902	32.07	29.38	1,508.74	23.04	46.24
1964	3,127,884	15.00	286,700,274	60,977,417	91,659	72,165	19,495	51,447	32.34	29.78	1,636.43	21.27	47.40
1965	3,388,182	15.00	318,151,183	66,188,463	93,900	74,365	19,535	52,152	32.62	30.02	1,750.76	20.80	48.69
1966	3,701,082	15.00	346,585,145	72,990,248	93,644	73,923	19,721	52,721	32.36	29.76	1,892.40	21.06	48.03
1967	3,844,212	15.00	373,512,163	81,444,298	97,162	75,976	21,186	54,044	32.86	30.11	1,946.86	21.80	48.85
1968	4,110,115	15.00	404,767,137	95,092,468	98,481	75,345	23,136	54,893	32.88	29.97	2,061.25	23.49	48.07
1969	4,304,589	15.00	411,462,262	97,470,782	95,587	72,943	22,643	55,246	32.02	29.27	2,137.49	23.69	45.91
1970	4,267,415	15.00	393,916,938	86,008,331	92,308	72,153	20,155	55,423	31.27	28.87	2,092.03	21.83	44.45
1971	4,353,941	15.00	409,558,317	87,800,081	94,066	73,900	20,166	56,352	31.44	29.00	2,105.11	21.44	45.44
1972	4,674,483	15.00	450,614,518	96,192,799	96,399	75,821	20,578	57,825	31.56	29.08	2,233.56	21.35	46.03
1973	4,894,390	15.00	473,497,672	102,638,471	96,743	75,772	20,971	58,751	31.44	29.00	2,315.70	21.68	45.14
1974	4,767,683	15.00	452,912,337	102,742,594	94,996	73,447	21,550	57,503	31.33	28.78	2,234.76	22.68	44.88
1975	4,526,151	15.00	423,447,686	97,011,011	93,556	72,122	21,433	57,254	31.12	28.45	2,100.64	22.91	45.49
1976	4,774,903	15.00	450,734,146	107,189,292	94,397	71,948	22,448	57,931	31.06	28.20	2,194.72	23.78	45.99
1977	4,911,023	15.00	468,309,115	114,391,762	95,359	72,066	23,293	58,653	31.09	28.18	2,234.72	24.43	45.70
1978	5,106,533	15.00	491,785,428	122,399,707	96,305	72,336	23,969	59,314	31.14	28.27	2,299.26	24.89	44.91
1979	5,097,718	15.00	493,348,167	126,594,690	96,778	71,945	24,834	58,364	31.43	28.33	2,269.82	25.66	46.01
1980	4,894,582	15.00	468,307,511	126,000,022	95,679	69,936	25,743	57,375	31.44	28.23	2,153.78	26.91	45.50
1981	4,849,254	15.00	455,560,367	122,426,418	93,944	68,698	25,246	57,235	31.09	28.11	2,111.70	26.87	43.67
1982	4,788,705	15.00	456,106,128	115,361,654	95,246	71,156	24,090	55,748	31.65	28.80	2,064.13	25.29	44.76
1983	4,809,676	15.00	473,637,824	114,165,977	98,476	74,739	23,737	56,566	32.25	29.45	2,052.93	24.10	46.08
1984	5,049,391	15.00	516,520,347	124,257,617	102,294	77,685	24,608	58,011	32.84	29.95	2,135.26	24.06	47.19
1985	5,199,039	15.00	551,634,620	132,029,970	106,103	80,7							

Individual Income Tax Shares, 1951-1986

Table 4.—Returns with Adjusted Gross Income \$25,000 or more in 1986 Dollars: Number of Returns, Income, and Federal Income Tax, Cumulated by Return Percentile Groups, Tax Years 1951-1986—Continued

[All figures are estimates—money amounts are in 1986 dollars]

Tax year	Returns		Adjusted gross income (thousand dollars)	Federal income tax (thousand dollars)	Mean income		Average income tax (dollars)	Minimum income cutoff (dollars)	Income share		Returns per 100,000 population	Average income tax rate (percent)	Income tax share (percent)
	Number	Percent of total			Before tax (dollars)	After tax (dollars)			Before tax (percent)	After tax (percent)			
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)
Part V — Top 20 percent of returns													
1951.....	1,287,965	20.00	133,540,297	38,009,565	103,683	74,172	29,511	47,342	45.24	40.44	836.44	28.46	64.48
1952.....	1,499,533	20.00	139,060,818	39,759,518	92,736	66,222	26,515	44,777	42.84	38.38	958.82	28.59	60.36
1953.....	1,757,544	20.00	148,541,513	39,970,663	84,517	61,774	22,742	43,142	40.66	36.76	1,105.68	26.91	57.08
1954.....	1,777,225	20.00	156,671,132	38,389,371	88,155	66,554	21,601	43,890	41.55	37.97	1,097.84	24.50	58.59
1955.....	2,134,777	20.00	185,912,292	44,553,019	87,087	66,217	20,870	43,920	41.13	37.68	1,293.26	23.96	57.97
1956.....	2,442,479	20.00	207,204,566	48,858,137	84,834	64,830	20,004	44,011	40.34	37.06	1,453.10	23.58	56.56
1957.....	2,536,424	20.00	208,604,345	48,401,473	82,243	63,161	19,083	43,532	39.66	36.53	1,481.67	23.20	55.35
1958.....	2,474,989	20.00	202,279,291	46,401,640	81,729	62,981	18,748	44,005	39.35	36.34	1,421.19	22.94	54.51
1959.....	2,901,171	20.00	237,809,850	54,347,789	81,970	63,237	18,733	44,426	39.21	36.22	1,637.83	22.85	54.32
1960.....	3,011,369	20.00	239,257,624	52,808,562	79,451	61,915	17,536	44,597	38.37	35.64	1,673.18	22.07	52.55
1961.....	3,229,273	20.00	260,829,735	58,722,009	80,770	62,586	18,184	44,942	38.64	35.75	1,764.71	22.51	53.49
1962.....	3,512,794	20.00	278,842,495	60,920,146	79,379	62,037	17,342	45,526	37.97	35.31	1,890.93	21.85	51.92
1963.....	3,791,624	20.00	301,298,362	65,712,774	79,464	62,133	17,331	46,074	37.82	35.19	2,011.65	21.81	51.63
1964.....	4,170,512	20.00	337,599,419	67,493,078	80,949	64,766	16,183	46,598	38.08	35.64	2,181.90	19.99	52.47
1965.....	4,517,577	20.00	374,171,941	72,918,314	82,826	66,685	16,141	47,380	38.37	35.89	2,334.35	19.49	53.64
1966.....	4,934,776	20.00	408,419,184	80,546,151	82,763	66,441	16,322	47,905	38.13	35.67	2,523.20	19.72	53.00
1967.....	5,125,616	20.00	439,310,249	89,849,832	85,709	68,179	17,530	49,002	38.65	36.03	2,595.81	20.45	53.90
1968.....	5,480,153	20.00	476,298,975	105,890,849	86,913	67,591	19,323	49,918	38.69	35.85	2,748.34	22.23	53.53
1969.....	5,739,452	20.00	486,910,819	109,311,093	84,836	65,790	19,046	50,294	37.89	35.20	2,849.99	22.45	51.49
1970.....	5,689,887	20.00	469,027,286	96,641,921	82,432	65,447	16,985	50,490	37.23	34.92	2,789.38	20.60	49.95
1971.....	5,805,255	20.00	487,432,035	98,398,107	83,964	67,014	16,950	51,282	37.42	35.07	2,806.82	20.19	50.93
1972.....	6,232,644	20.00	536,392,800	108,176,368	86,062	68,705	17,356	52,596	37.57	35.14	2,978.08	20.17	51.77
1973.....	6,525,854	20.00	564,626,714	115,921,754	86,522	68,758	17,763	53,323	37.49	35.09	3,087.60	20.53	50.99
1974.....	6,356,911	20.00	540,002,250	115,735,041	84,947	66,741	18,206	52,385	37.35	34.87	2,979.68	21.43	50.56
1975.....	6,034,868	20.00	505,684,357	109,355,794	83,794	65,673	18,121	52,094	37.17	34.54	2,800.86	21.63	51.28
1976.....	6,366,537	20.00	538,635,278	121,022,615	84,604	65,595	19,009	52,839	37.11	34.28	2,926.30	22.47	51.93
1977.....	6,548,031	20.00	559,693,660	129,759,922	85,475	65,658	19,817	53,359	37.16	34.24	2,979.63	23.18	51.84
1978.....	6,808,711	20.00	587,949,694	139,136,023	86,353	65,918	20,435	54,045	37.23	34.35	3,065.68	23.66	51.05
1979.....	6,796,957	20.00	587,863,442	142,281,144	86,489	65,556	20,933	53,234	37.45	34.41	3,026.43	24.20	51.71
1980.....	6,526,083	20.00	557,535,808	141,743,599	85,432	63,712	21,720	52,355	37.43	34.29	2,871.70	25.42	51.18
1981.....	6,465,672	20.00	543,840,245	139,402,653	84,112	62,552	21,560	52,291	37.11	34.13	2,815.61	25.63	49.73
1982.....	6,384,940	20.00	541,132,024	130,211,958	84,751	64,358	20,394	51,072	37.55	34.73	2,752.18	24.06	50.52
1983.....	6,412,901	20.00	560,074,142	128,507,419	87,336	67,297	20,039	51,585	38.14	35.35	2,737.23	22.94	51.87
1984.....	6,732,521	20.00	609,431,067	139,833,533	90,520	69,751	20,770	52,725	38.74	35.86	2,847.01	22.94	53.10
1985.....	6,932,052	20.00	649,389,360	148,258,593	93,679	72,292	21,387	53,804	39.30	36.42	2,903.59	22.83	53.60
1986.....	7,194,393	20.00	730,770,344	176,206,590	101,575	77,083	24,492	55,187	40.87	37.58	2,984.26	24.11	56.40
Part VI — Top 25 percent of returns													
1951.....	1,609,957	25.00	147,905,863	40,189,911	91,869	66,906	24,963	42,265	50.11	45.60	1,045.55	27.17	68.18
1952.....	1,874,416	25.00	155,001,930	42,468,379	82,693	60,037	22,657	40,575	47.75	43.49	1,198.53	27.40	64.47
1953.....	2,196,930	25.00	166,670,159	42,954,105	75,865	56,313	19,552	39,624	45.62	41.89	1,382.10	25.77	61.34
1954.....	2,221,531	25.00	175,277,941	41,129,813	78,900	60,385	18,514	40,105	46.48	43.06	1,372.30	23.47	62.77
1955.....	2,668,471	25.00	208,341,999	47,827,236	78,075	60,152	17,923	40,360	46.09	42.78	1,616.58	22.96	62.23
1956.....	3,053,099	25.00	232,984,317	52,632,153	76,311	59,072	17,239	40,631	45.36	42.21	1,816.37	22.59	60.93
1957.....	3,170,531	25.00	235,104,200	52,272,026	74,153	57,666	16,487	40,254	44.69	41.69	1,852.09	22.23	59.78
1958.....	3,093,736	25.00	228,421,593	50,220,049	73,834	57,601	16,233	40,714	44.43	41.54	1,776.49	21.99	59.00
1959.....	3,626,464	25.00	268,788,195	58,835,769	74,119	57,895	16,224	41,230	44.32	41.45	2,047.29	21.89	58.81
1960.....	3,764,211	25.00	271,555,742	57,455,142	72,141	56,878	15,264	41,459	43.55	40.93	2,091.47	21.86	57.17
1961.....	4,036,591	25.00	295,744,381	63,712,902	73,266	57,482	15,784	41,720	43.81	41.05	2,205.88	21.54	58.04
1962.....	4,390,992	25.00	317,334,354	66,431,247	72,269	57,140	15,129	42,310	43.21	40.66	2,363.66	20.93	56.61
1963.....	4,739,530	25.00	343,335,375	71,762,711	72,441	57,299	15,141	42,834	43.10	40.57	2,514.57	20.90	56.38
1964.....	5,213,140	25.00	384,309,186	73,398,211	73,719	59,640	14,079	43,274	43.35	41.02	2,727.38	19.10	57.06
1965.....	5,646,971	25.00	425,650,496	79,017,844	75,377	61,384	13,993	43,995	43.64	41.30	2,917.94	18.56	58.13
1966.....	6,168,470	25.00	465,316,265	87,361,284	75,435	61,272	14,163	44,523	43.44	41.12	3,154.00	18.77	57.49
1967.....	6,407,020	25.00	499,732,119	97,164,870	77,998	62,832	15,165	45,477	43.97	41.51	3,244.77	19.44	58.28
1968.....	6,850,191	25.00	542,142,556	114,877,427	79,143	62,373	16,770	46,368	44.03	41.35	3,435.42	21.19	58.07
1969.....	7,174,315	25.00	556,413,759	119,800,796	77,556	60,858	16,699	46,765	43.30	40.70	3,562.49	21.53	56.43
1970.....	7,112,359	25.00	538,174,569	106,293,637	75,668	60,723	14,945	46,901	42.72	40.50	3,486.72	19.75	54.94
1971.....	7,256,569	25.00	559,053,100	107,801,082	77,041	62,185	14,856	47,603	42.92	40.68	3,508.52	19.28	55.80
1972.....	7,790,805	25.00	615,281,707	118,311,265	78,975	63,789	15,186	48,836	43.10	40.78	3,722.60	19.23	56.62
1973.....	8,157,317	25.00	648,276,438	127,414,270	79,472	63,852	15,620	49,402	43.04	40.73	3,859.50	19.65	56.04
1974.....	7,946,138	25.00	620,118,324	127,522,488	78,040	61,992	16,048	48,615	42.89	40.48	3,724.60	20.56	55.71
1975.....	7,543,584	25.00	581,302,807	120,100,920	77,059	61,138	15,921	48,308	42.73	40.20	3,501.07	20.66	56.32
1976.....	7,958,171	25.00	619,640,842	132,794,611	77,862	61,176	16,687	49,118	42.70	39.96	3,657.87	21.43	56.98
1977.....	8,185,039	25.00	643,819,415	142,783,704	78,658	61,214	17,444	49,560	42.75	39.90	3,724.54	22.48	57.05
1978.....	8,510,889	25.00	676,454,698	154,017,605	79,481	61,385	18,097	50,111	42.84	39			

Individual Income Tax Shares, 1951-1986

Table 4.—Returns with Adjusted Gross Income \$25,000 or more in 1986 Dollars: Number of Returns, Income, and Federal Income Tax, Cumulated by Return Percentile Groups, Tax Years 1951-1986—Continued

(All figures are estimates—money amounts are in 1986 dollars)

Tax year	Returns		Adjusted gross income (thousand dollars)	Federal income tax (thousand dollars)	Mean income		Average income tax (dollars)	Minimum income cutoff (dollars)	Income share		Returns per 100,000 population	Average income tax rate (percent)	Income tax share (percent)
	Number	Percent of total			Before tax (dollars)	After tax (dollars)			Before tax (percent)	After tax (percent)			
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)
Part VII — Top 30 percent of returns													
1951	1,931,948	30.00	160,914,393	42,080,089	83,291	61,510	21,781	38,800	54.51	50.30	1,254.66	26.15	71.39
1952	2,249,299	30.00	169,637,613	44,764,598	75,418	55,516	19,902	37,634	52.26	48.26	1,438.23	26.39	67.96
1953	2,636,317	30.00	183,524,535	45,528,825	69,614	52,344	17,270	37,226	50.23	46.73	1,658.52	24.81	65.02
1954	2,665,837	30.00	192,488,026	43,486,599	72,205	55,893	16,313	37,547	51.05	47.83	1,646.76	22.59	66.36
1955	3,202,165	30.00	229,178,808	50,663,179	71,570	55,748	15,822	37,878	50.70	47.58	1,939.90	22.11	65.92
1956	3,663,719	30.00	256,979,391	55,962,730	70,142	54,867	15,275	38,098	50.03	47.04	2,179.64	21.78	64.79
1957	3,804,637	30.00	259,836,186	55,758,179	68,295	53,639	14,655	37,857	49.39	46.53	2,222.50	21.46	63.76
1958	3,712,483	30.00	252,831,252	53,729,643	68,103	53,630	14,473	38,298	49.18	46.42	2,131.79	21.25	63.12
1959	4,351,757	30.00	297,779,449	62,980,073	68,427	53,955	14,472	38,826	49.10	46.36	2,456.75	21.15	62.95
1960	4,517,053	30.00	301,826,500	61,757,782	66,819	53,147	13,672	39,083	48.40	45.90	2,509.77	20.46	61.45
1961	4,843,910	30.00	328,415,482	68,225,687	67,800	53,715	14,085	39,326	48.65	46.03	2,647.06	20.77	62.15
1962	5,269,191	30.00	353,389,772	71,431,472	67,067	53,511	13,556	39,904	48.12	45.69	2,836.39	20.21	60.87
1963	5,687,436	30.00	382,710,613	77,260,961	67,291	53,706	13,584	40,342	48.04	45.63	3,017.48	20.19	60.70
1964	6,255,768	30.00	428,025,851	78,873,220	68,421	55,813	12,608	40,759	48.28	46.07	3,272.86	18.43	61.31
1965	6,776,365	30.00	473,785,453	84,664,520	69,917	57,423	12,494	41,392	48.58	46.36	3,501.53	17.87	62.28
1966	7,402,164	30.00	518,536,664	93,667,132	70,052	57,398	12,654	41,896	48.41	46.22	3,784.80	18.06	61.64
1967	7,688,424	30.00	556,151,801	103,894,429	72,336	58,823	13,513	42,728	48.93	46.63	3,893.72	18.68	62.32
1968	8,220,229	30.00	603,685,866	122,882,541	73,439	58,490	14,949	43,575	49.03	46.53	4,122.50	20.36	62.12
1969	8,609,178	30.00	621,447,517	128,822,998	72,184	57,221	14,963	43,988	48.36	45.92	4,274.98	20.73	60.68
1970	8,534,830	30.00	602,810,578	115,265,593	70,629	57,124	13,505	44,081	47.85	45.72	4,184.07	19.12	59.57
1971	8,707,882	30.00	625,962,408	116,502,177	71,885	58,506	13,379	44,723	48.06	45.92	4,210.23	18.61	60.30
1972	9,348,966	30.00	688,960,311	127,562,713	73,694	60,049	13,645	45,864	48.26	46.06	4,467.12	18.52	61.05
1973	9,788,781	30.00	726,314,472	137,490,418	74,199	60,153	14,046	46,368	48.22	46.04	4,631.40	18.93	60.47
1974	9,535,366	30.00	694,928,324	138,140,788	72,879	58,392	14,487	45,636	48.07	45.76	4,469.52	19.88	60.35
1975	9,052,301	30.00	651,842,793	129,992,903	72,009	57,648	14,360	45,316	47.91	45.49	4,201.29	19.94	60.96
1976	9,549,805	30.00	695,330,790	143,316,701	72,811	57,804	15,007	46,068	47.91	45.31	4,389.44	20.61	61.50
1977	9,822,047	30.00	722,333,835	154,165,109	73,542	57,846	15,696	46,458	47.96	45.24	4,469.44	21.34	61.60
1978	10,213,067	30.00	758,962,323	167,021,019	74,313	57,959	16,354	46,953	48.06	45.30	4,598.51	22.01	61.28
1979	10,195,436	30.00	756,546,707	169,180,222	74,204	57,611	16,594	46,572	48.19	45.37	4,539.64	22.36	61.48
1980	9,789,125	30.00	717,132,309	168,276,519	73,258	56,068	17,190	45,894	48.15	45.27	4,307.55	23.47	60.76
1981	9,698,508	30.00	701,464,952	166,927,730	72,327	55,115	17,212	45,763	47.87	45.11	4,223.41	23.80	59.55
1982	9,577,410	30.00	693,518,010	154,735,182	72,412	56,256	16,156	44,857	48.13	45.54	4,128.26	22.31	60.03
1983	9,619,352	30.00	714,459,885	151,622,940	74,273	58,511	15,762	45,223	48.65	46.11	4,105.85	21.22	61.20
1984	10,098,782	30.00	774,527,418	164,416,673	76,695	60,414	16,281	45,989	49.24	46.59	4,270.51	21.23	62.44
1985	10,398,078	30.00	822,495,622	174,373,070	79,101	62,331	16,770	46,638	49.77	47.11	4,355.38	21.20	63.04
1986	10,791,589	30.00	914,582,230	204,733,504	84,750	65,778	18,972	47,692	51.15	48.10	4,476.39	22.39	65.53
Part VIII — Top 35 percent of returns													
1951	2,253,939	35.00	172,992,062	43,775,751	76,751	57,329	19,422	36,318	58.60	54.70	1,463.77	25.31	74.27
1952	2,624,182	35.00	183,325,977	46,835,165	69,860	52,013	17,848	35,506	56.48	52.75	1,677.94	25.55	71.10
1953	3,075,703	35.00	199,453,293	47,904,272	64,848	49,273	15,575	35,343	54.59	51.32	1,934.94	24.02	68.41
1954	3,110,144	35.00	208,729,871	45,639,267	67,113	52,438	14,674	35,613	55.36	52.35	1,921.22	21.87	69.65
1955	3,735,860	35.00	248,863,862	53,253,208	66,615	52,360	14,255	35,917	55.05	52.14	2,263.21	21.40	69.28
1956	4,274,339	35.00	279,643,945	58,955,720	65,424	51,631	13,793	36,209	54.44	51.65	2,542.92	21.08	68.25
1957	4,438,743	35.00	283,232,224	58,851,070	63,809	50,551	13,258	36,013	53.84	51.16	2,592.92	20.78	67.30
1958	4,331,230	35.00	275,919,291	56,915,706	63,705	50,564	13,141	36,401	53.67	51.06	2,487.08	20.63	66.86
1959	5,077,050	35.00	325,211,917	66,802,620	64,055	50,898	13,158	36,880	53.62	51.02	2,866.20	20.54	66.77
1960	5,269,895	35.00	330,497,520	65,771,527	62,714	50,234	12,481	37,147	53.00	50.61	2,928.06	19.90	65.45
1961	5,651,228	35.00	359,364,730	72,397,583	63,591	50,780	12,811	37,402	53.23	50.76	3,088.24	20.15	65.95
1962	6,147,389	35.00	387,553,837	76,017,770	63,044	50,678	12,366	37,966	52.77	50.48	3,309.12	19.61	64.78
1963	6,635,341	35.00	419,973,202	82,294,798	63,293	50,891	12,402	38,350	52.72	50.45	3,520.39	19.60	64.66
1964	7,298,396	35.00	469,405,192	84,010,060	64,316	52,805	11,511	38,722	52.95	50.85	3,818.33	17.90	65.31
1965	7,905,759	35.00	519,281,249	89,957,295	65,684	54,305	11,379	39,273	53.24	51.15	4,085.11	17.32	66.18
1966	8,635,858	35.00	568,834,215	99,579,043	65,869	54,338	11,531	39,747	53.10	51.05	4,415.60	17.51	65.53
1967	8,969,828	35.00	609,389,154	110,182,725	67,938	55,654	12,284	40,486	53.62	51.47	4,542.67	18.08	66.09
1968	9,590,268	35.00	661,742,170	130,323,646	69,001	55,412	13,589	41,257	53.75	51.43	4,809.59	19.69	65.88
1969	10,044,040	35.00	682,881,380	137,052,901	67,989	54,344	13,645	41,701	53.14	50.88	4,987.48	20.07	64.55
1970	9,957,302	35.00	663,814,542	123,590,394	66,666	54,254	12,412	41,767	52.69	50.66	4,881.41	18.62	63.88
1971	10,159,196	35.00	689,086,470	124,677,005	67,829	55,557	12,272	42,341	52.90	50.88	4,911.93	18.09	64.53
1972	10,907,127	35.00	758,433,664	136,208,293	69,536	57,048	12,488	43,401	53.12	51.05	5,211.64	17.96	65.18
1973	11,420,244	35.00	799,841,815	146,778,377	70,037	57,185	12,852	43,837	53.10	51.06	5,403.30	18.35	64.56
1974	11,124,594	35.00	765,426,342	147,530,562	68,805	55,543	13,262	43,151	52.94	50.78	5,214.44	19.27	64.45
1975	10,561,018	35.00	718,291,390	139,077,927	68,013	54,844	13,169	42,847	52.79	50.49	4,901.50	19.36	65.22
1976	11,141,439	35.00	766,542,351	153,063,105	68,801	55,063	13,738	43,495	52.82	50.36	5,121.02	19.97	65.68
1977	11,459,055	35.00	796,223,997	164,459,100	69,484	55,132	14,352	43,913	52.87	50.31	5,214.35	20.65	65.71
1978	11,915,245	35.00	836,614,717	178,503,579	70,214	55,233	14,981	44,374	52.98	50.37	5,364.93	21.34	65.49
1979	11,894,675												

Individual Income Tax Shares, 1951-1986

Table 4.—Returns with Adjusted Gross Income \$25,000 or more in 1986 Dollars: Number of Returns, Income, and Federal Income Tax, Cumulated by Return Percentile Groups, Tax Years 1951-1986—Continued

[All figures are estimates—money amounts are in 1986 dollars]

Tax year	Returns		Adjusted gross income (thousand dollars)	Federal income tax (thousand dollars)	Mean income		Average income tax (dollars)	Minimum income cutoff (dollars)	Income share		Returns per 100,000 population	Average income tax rate (percent)	Income tax share (percent)
	Number	Percent of total			Before tax (dollars)	After tax (dollars)			Before tax (percent)	After tax (percent)			
Part IX — Top 40 percent of returns													
1951	2,575,931	40.00	184,372,868	45,345,781	71,575	53,972	17,604	34,468	62.46	58.85	1,672.88	24.59	76.93
1952	2,999,065	40.00	196,315,410	48,762,470	65,459	49,200	16,259	33,851	60.48	57.03	1,917.65	24.84	74.03
1953	3,515,089	40.00	214,636,619	50,135,601	61,062	46,799	14,263	33,820	58.75	55.70	2,211.36	23.36	71.60
1954	3,554,450	40.00	224,188,836	47,661,967	63,073	49,664	13,409	34,036	59.45	56.66	2,195.68	21.26	72.74
1955	4,269,554	40.00	267,576,013	55,683,094	62,671	49,629	13,042	34,280	59.19	56.48	2,586.53	20.81	72.45
1956	4,884,958	40.00	301,247,334	61,756,555	61,668	49,026	12,642	34,610	58.64	56.05	2,906.19	20.50	71.50
1957	5,072,849	40.00	305,580,473	61,732,604	60,238	48,069	12,169	34,518	58.09	55.60	2,963.34	20.20	70.60
1958	4,949,978	40.00	297,947,497	59,800,563	60,192	48,111	12,081	34,850	57.96	55.52	2,842.38	20.07	70.25
1959	5,802,343	40.00	351,355,205	70,218,992	60,554	48,452	12,102	35,257	57.93	55.51	3,275.66	19.99	70.18
1960	6,022,737	40.00	357,828,509	69,389,287	59,413	47,892	11,521	35,504	57.38	55.14	3,346.36	19.39	69.05
1961	6,458,546	40.00	388,884,535	76,263,372	60,212	48,404	11,808	35,771	57.61	55.30	3,529.41	19.61	69.47
1962	7,025,587	40.00	420,164,145	80,300,318	59,805	48,375	11,430	36,343	57.21	55.07	3,781.85	19.11	68.43
1963	7,583,247	40.00	455,512,500	86,991,558	60,068	48,597	11,472	36,673	57.18	55.05	4,023.31	19.10	68.35
1964	8,341,024	40.00	508,847,408	88,858,722	61,005	50,352	10,653	36,997	57.40	55.42	4,363.81	17.46	69.08
1965	9,035,153	40.00	562,589,004	94,953,130	62,267	51,757	10,509	37,482	57.68	55.71	4,668.70	16.88	69.85
1966	9,869,552	40.00	616,700,749	105,166,151	62,485	51,830	10,656	37,924	57.57	55.65	5,046.40	17.05	69.20
1967	10,251,232	40.00	659,991,451	116,119,819	64,382	53,054	11,327	38,589	58.07	56.08	5,191.63	17.59	69.65
1968	10,960,306	40.00	716,861,429	137,320,509	65,405	52,876	12,529	39,273	58.23	56.08	5,496.67	19.16	69.42
1969	11,478,903	40.00	741,272,270	144,760,183	64,577	51,966	12,611	39,724	57.69	55.61	5,699.98	19.53	68.18
1970	11,379,774	40.00	721,789,562	131,016,160	63,427	51,914	11,513	39,783	57.29	55.40	5,578.76	18.15	67.71
1971	11,610,510	40.00	749,015,306	132,358,880	64,512	53,112	11,400	40,299	57.50	55.59	5,613.63	17.67	68.51
1972	12,465,288	40.00	824,356,633	144,375,702	66,132	54,550	11,582	41,273	57.74	55.79	5,956.16	17.51	69.09
1973	13,051,708	40.00	869,536,836	155,497,815	66,622	54,708	11,914	41,650	57.73	55.83	6,175.20	17.88	68.39
1974	12,713,821	40.00	832,257,093	156,154,926	65,461	53,179	12,282	41,005	57.57	55.56	5,959.36	18.76	68.22
1975	12,069,735	40.00	781,300,726	147,224,375	64,732	52,534	12,198	40,729	57.43	55.27	5,601.71	18.84	69.04
1976	12,733,074	40.00	833,972,842	162,098,586	65,497	52,766	12,731	41,298	57.46	55.15	5,852.59	19.44	69.55
1977	13,096,063	40.00	866,312,854	174,061,768	66,151	52,859	13,291	41,759	57.52	55.12	5,959.26	20.09	69.55
1978	13,617,423	40.00	910,231,471	188,951,298	66,843	52,967	13,876	42,176	57.64	55.20	6,131.35	20.76	69.32
1979	13,593,915	40.00	906,421,038	191,398,301	66,678	52,599	14,080	41,832	57.74	55.22	6,052.85	21.12	69.56
1980	13,052,166	40.00	858,964,910	190,941,914	65,810	51,181	14,629	41,233	57.67	55.10	5,743.40	22.23	68.95
1981	12,931,343	40.00	841,786,106	190,121,082	65,097	50,394	14,702	41,207	57.44	54.99	5,631.21	22.59	67.82
1982	12,769,879	40.00	829,429,235	175,177,856	64,952	51,234	13,718	40,474	57.56	55.29	5,504.35	21.12	67.96
1983	12,825,803	40.00	851,843,602	171,086,991	66,416	53,077	13,339	40,722	58.01	55.77	5,474.47	20.08	69.05
1984	13,465,043	40.00	920,974,631	184,764,246	68,397	54,676	13,722	41,267	58.55	56.22	5,694.02	20.06	70.17
1985	13,864,104	40.00	975,429,727	195,266,148	70,356	56,272	14,084	41,863	59.03	56.70	5,807.17	20.02	70.59
1986	14,388,785	40.00	1,077,034,173	227,028,548	74,852	59,074	15,778	42,875	60.23	57.60	5,968.52	21.08	72.67
Part X — Top 45 percent of returns													
1951	2,897,922	45.00	195,222,996	46,784,438	67,367	51,222	16,144	32,950	66.14	62.83	1,881.99	23.96	79.37
1952	3,373,948	45.00	208,744,740	50,546,554	61,870	46,888	14,981	32,510	64.31	61.14	2,157.35	24.21	76.73
1953	3,954,475	45.00	229,210,275	52,212,223	57,962	44,759	13,203	32,549	62.74	59.94	2,487.78	22.78	74.56
1954	3,998,756	45.00	239,015,027	49,549,598	59,772	47,381	12,391	32,741	63.39	60.81	2,470.14	20.73	75.62
1955	4,803,248	45.00	285,506,916	57,945,719	59,440	47,377	12,064	32,960	63.16	60.65	2,909.84	20.30	75.39
1956	5,495,578	45.00	321,967,254	64,402,422	58,587	46,868	11,719	33,302	62.68	60.28	3,269.46	20.00	74.56
1957	5,706,955	45.00	327,053,668	64,471,860	57,308	46,011	11,297	33,236	62.17	59.87	3,333.75	19.71	73.73
1958	5,568,725	45.00	319,090,134	62,496,252	57,300	46,078	11,223	33,512	62.07	59.82	3,197.68	19.59	73.42
1959	6,527,635	45.00	376,412,602	73,398,516	57,664	46,420	11,244	33,873	62.06	59.83	3,685.12	19.50	73.36
1960	6,775,579	45.00	384,011,958	72,698,945	56,676	45,946	10,730	34,088	61.58	59.52	3,764.65	18.93	72.34
1961	7,265,864	45.00	417,180,037	79,912,287	57,416	46,418	10,998	34,356	61.80	59.66	3,970.59	19.16	72.80
1962	7,903,786	45.00	451,420,497	84,329,441	57,114	46,445	10,669	34,869	61.46	59.48	4,254.59	18.68	71.86
1963	8,531,153	45.00	489,560,967	91,378,964	57,385	46,674	10,711	35,190	61.45	59.49	4,526.22	18.67	71.80
1964	9,383,652	45.00	546,617,269	93,444,999	58,252	48,294	9,958	35,487	61.66	59.80	4,909.28	17.10	72.64
1965	10,164,547	45.00	604,018,279	99,685,237	59,424	49,617	9,807	35,923	61.93	59.42	5,252.29	16.50	73.33
1966	11,103,246	45.00	662,476,664	110,471,110	59,665	49,716	9,949	36,334	61.85	60.05	5,677.20	16.68	72.70
1967	11,532,636	45.00	708,336,179	121,761,356	61,420	50,862	10,558	36,936	62.32	60.48	5,840.58	17.19	73.04
1968	12,330,344	45.00	769,438,659	143,953,362	62,402	50,727	11,675	37,533	62.50	60.53	6,183.75	18.71	72.77
1969	12,913,766	45.00	796,999,122	152,040,530	61,717	49,943	11,774	37,974	62.02	60.12	6,412.48	19.08	71.61
1970	12,802,246	45.00	777,099,343	137,960,517	60,700	49,924	10,776	38,012	61.68	59.93	6,276.10	17.75	71.30
1971	13,061,824	45.00	806,177,857	139,228,348	61,720	51,061	10,659	38,490	61.89	60.12	6,315.34	17.27	72.06
1972	14,023,449	45.00	887,157,154	152,110,487	63,262	52,416	10,847	39,367	62.14	60.31	6,700.68	17.15	72.79
1973	14,683,171	45.00	935,879,769	163,766,744	63,738	52,585	11,153	39,715	62.13	60.37	6,947.09	17.50	72.03
1974	14,303,049	45.00	895,887,411	164,233,267	62,636	51,154	11,482	39,114	61.97	60.13	6,704.28	18.33	71.75
1975	13,578,452	45.00	841,307,214	154,593,077	61,959	50,574	11,385	38,853	61.84	59.86	6,301.93	18.38	72.49
1976	14,324,708	45.00	898,138,756	170,366,306	62,699	50,805	11,893	39,373	61.88	59.74	6,584.17	18.97	73.10
1977	14,733,070	45.00	933,077,704	183,065,497	63,332	50,907	12,425	39,837	61.95	59.72	6,704.16	19.62	73.14
1978	15,319,600	45.00	980,293,804	198,622,874	63,990	51,024	12,965	40,177	62.08	59.82	6,897.77	20.26	72.87
1979	15,293,154	45.00	975,803,461	201,096,364	63,807	50,657	13,149	39,868	62.16	59.83	6,809.46	20.61	73.08
1980	14,683,687	45.00	924,629,697	201,066,334	62,970	49,277	13,693	39,304	62.08	59.68	6,461.33	21.75	72.60
1981	14,547,761	45.00	906,822,027	200,607,686	62,334	48,545	13,790	39,270	61.88	59.59	6,335.11	22.12	71.56
1982	14,366,114	45.00	892,558,415	184,464,572	62,129	49,289	12,840	38,639	61.94	59.84	6,192.40	20.67	71.57
1983	14,429,028	45.00	915,656,661	179,735,547	63,459								

Individual Income Tax Shares, 1951-1986

Table 4.—Returns with Adjusted Gross Income \$25,000 or more in 1986 Dollars: Number of Returns, Income, and Federal Income Tax, Cumulated by Return Percentile Groups, Tax Years 1951-1986—Continued

[All figures are estimates—money amounts are in 1986 dollars]

Tax year	Returns		Adjusted gross income (thousand dollars)	Federal income tax (thousand dollars)	Mean income		Average income tax (dollars)	Minimum income cutoff (dollars)	Income share		Returns per 100,000 population	Average income tax rate (percent)	Income tax share (percent)
	Number	Percent of total			Before tax (dollars)	After tax (dollars)			Before tax (percent)	After tax (percent)			
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)
Part XI — Top 50 percent of returns													
1951.....	3,219,913	50.00	205,618,648	48,145,606	63,858	48,906	14,952	31,674	69.66	66.66	2,091.10	23.42	81.68
1952.....	3,748,831	50.00	220,717,534	52,242,992	58,876	44,941	13,936	31,393	67.99	65.11	2,397.06	23.67	79.31
1953.....	4,393,861	50.00	243,264,199	54,181,191	55,365	43,033	12,331	31,450	66.59	64.03	2,764.20	22.27	77.38
1954.....	4,443,062	50.00	253,304,158	51,320,190	57,011	45,461	11,551	31,605	67.18	64.83	2,744.60	20.26	78.32
1955.....	5,336,942	50.00	302,787,164	60,050,323	56,734	45,482	11,252	31,823	66.98	64.70	3,233.16	19.83	78.13
1956.....	6,106,198	50.00	341,952,915	66,877,892	56,001	45,048	10,952	32,181	66.57	64.37	3,632.74	19.56	77.43
1957.....	6,341,061	50.00	347,762,882	67,077,018	54,843	44,265	10,578	32,101	66.11	64.00	3,704.17	19.29	76.71
1958.....	6,187,472	50.00	339,450,916	65,054,511	54,861	44,347	10,514	32,331	66.03	63.97	3,552.98	19.16	76.42
1959.....	7,252,928	50.00	400,541,994	76,414,195	55,225	44,689	10,536	32,688	66.04	64.00	4,094.58	19.08	76.37
1960.....	7,528,422	50.00	409,199,832	75,829,198	54,354	44,282	10,072	32,860	65.62	63.73	4,182.94	18.53	75.45
1961.....	8,073,183	50.00	444,401,089	83,340,204	55,047	44,723	10,323	33,103	65.83	63.87	4,411.77	18.75	75.92
1962.....	8,781,984	50.00	481,457,249	88,151,418	54,823	44,786	10,038	33,566	65.55	63.73	4,727.32	18.31	75.12
1963.....	9,479,059	50.00	522,273,110	95,530,785	55,098	45,019	10,078	33,853	65.56	63.75	5,029.13	18.29	75.06
1964.....	10,426,280	50.00	582,904,988	97,604,057	55,907	46,546	9,361	34,145	65.75	64.03	5,454.76	16.74	75.88
1965.....	11,293,941	50.00	643,792,830	104,160,589	57,003	47,781	9,223	34,540	66.01	64.29	5,835.88	16.18	76.62
1966.....	12,336,940	50.00	706,408,401	115,519,705	57,260	47,896	9,364	34,917	65.95	64.28	6,308.00	16.35	76.02
1967.....	12,814,040	50.00	754,692,957	127,142,409	58,896	48,974	9,922	35,463	66.40	64.71	6,489.53	16.85	76.26
1968.....	13,700,382	50.00	819,767,327	150,274,822	59,835	48,867	10,969	35,978	66.58	64.79	6,870.84	18.33	75.97
1969.....	14,348,629	50.00	850,343,562	158,963,479	59,263	48,184	11,079	36,396	66.17	64.45	7,124.97	18.69	74.87
1970.....	14,224,717	50.00	830,005,524	144,492,432	58,350	48,192	10,158	36,400	65.88	64.28	6,973.45	17.41	74.68
1971.....	14,513,137	50.00	860,825,725	145,673,217	59,314	49,276	10,037	36,856	66.09	64.47	7,017.04	16.92	75.40
1972.....	15,581,610	50.00	947,061,474	158,989,157	60,781	50,577	10,204	37,573	66.33	64.66	7,445.20	16.79	76.09
1973.....	16,314,634	50.00	999,226,923	171,638,979	61,247	50,727	10,521	37,969	66.34	64.71	7,718.99	17.18	75.49
1974.....	15,892,277	50.00	956,670,882	171,899,963	60,197	49,381	10,817	37,414	66.17	64.49	7,449.20	17.97	75.10
1975.....	15,087,169	50.00	898,634,195	161,435,780	59,563	48,863	10,700	37,165	66.05	64.26	7,002.14	17.96	75.70
1976.....	15,916,342	50.00	959,409,544	177,871,200	60,278	49,103	11,175	37,648	66.11	64.15	7,315.74	18.54	76.32
1977.....	16,370,078	50.00	996,844,711	191,457,160	60,894	49,199	11,696	38,091	66.19	64.13	7,449.07	19.21	76.50
1978.....	17,021,778	50.00	1,047,121,058	207,685,196	61,517	49,315	12,201	38,370	66.31	64.25	7,664.19	19.83	76.20
1979.....	16,992,393	50.00	1,042,018,294	210,078,691	61,323	48,960	12,363	38,095	66.37	64.25	7,566.06	20.16	76.35
1980.....	16,315,208	50.00	987,325,124	210,378,802	60,516	47,621	12,895	37,571	66.29	64.08	7,179.25	21.31	75.97
1981.....	16,164,179	50.00	968,856,193	210,439,901	59,938	46,920	13,019	37,501	66.12	64.00	7,039.01	21.72	75.07
1982.....	15,962,349	50.00	952,891,332	193,225,827	59,696	47,591	12,105	36,968	66.13	64.20	6,880.44	20.28	74.97
1983.....	16,032,254	50.00	976,675,555	187,899,981	60,919	49,199	11,720	37,226	66.51	64.62	6,843.09	19.24	75.84
1984.....	16,831,303	50.00	1,053,902,396	202,296,771	62,616	50,597	12,019	37,777	67.00	65.03	7,117.52	19.20	76.83
1985.....	17,330,130	50.00	1,113,840,384	213,327,218	64,272	51,962	12,310	38,086	67.40	65.45	7,258.97	19.15	77.12
1986.....	17,985,982	50.00	1,223,878,847	246,403,817	68,046	54,346	13,700	38,813	68.45	66.24	7,460.65	20.13	78.87

See notes at end of tables.

Individual Income Tax Shares, 1951-1986

Table 5.—Returns with Adjusted Gross Income \$25,000 or more in 1986 Dollars: Number of Returns, Income, and Federal Income Tax, Cumulated by Size of Income in 1986 Dollars, Tax Years 1951-1986

[All figures are estimates—money amounts are in 1986 dollars]

Tax year	Returns		Adjusted gross income (thousand dollars)	Federal income tax (thousand dollars)	Mean income		Average income tax (dollars)	Minimum income cutoff (dollars)	Income share		Returns per 100,000 population	Average income tax rate (percent)	Income tax share (percent)
	Number	Percent of total			Before tax (dollars)	After tax (dollars)			Before tax (percent)	After tax (percent)			
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	
Part I — Returns with adjusted gross income \$1,000,000 or more in 1986 dollars													
1951	3,235	.05	6,324,821	3,708,782	1,955,331	808,754	1,146,577	1,000,000	2.14	1.11	2.10	58.64	6.29
1952	2,455	.03	4,852,182	2,851,322	1,976,623	815,086	1,161,537	1,000,000	1.49	.77	1.57	58.76	4.33
1953	2,084	.02	4,243,749	2,474,104	2,036,747	849,324	1,187,423	1,000,000	1.16	.60	1.31	58.30	3.53
1954	2,554	.03	5,415,287	2,812,168	2,120,175	1,019,164	1,101,010	1,000,000	1.44	.84	1.58	51.93	4.29
1955	3,308	.03	7,272,013	3,614,907	2,198,340	1,105,549	1,092,792	1,000,000	1.61	.97	2.00	49.71	4.70
1956	3,180	.03	6,928,357	3,452,649	2,179,059	1,093,156	1,085,903	1,000,000	1.35	.81	1.89	49.83	4.00
1957	2,861	.02	5,986,950	2,975,530	2,092,681	1,052,613	1,040,068	1,000,000	1.14	.69	1.67	49.70	3.40
1958	2,657	.02	5,692,193	2,682,020	2,142,286	1,132,894	1,009,392	1,000,000	1.11	.70	1.53	47.12	3.15
1959	3,316	.02	7,113,625	3,224,090	2,145,160	1,172,915	972,246	1,000,000	1.17	.77	1.87	45.32	3.22
1960	3,282	.02	6,999,848	3,153,481	2,132,738	1,171,924	960,814	1,000,000	1.12	.74	1.82	45.05	3.14
1961	4,159	.03	8,976,007	3,912,955	2,158,328	1,217,438	940,891	1,000,000	1.33	.90	2.27	43.59	3.56
1962	3,361	.02	7,389,391	3,220,737	2,198,673	1,240,360	958,313	1,000,000	1.01	.68	1.81	43.59	2.74
1963	3,480	.02	7,798,753	3,316,755	2,240,814	1,287,811	953,003	1,000,000	.98	.67	1.85	42.53	2.61
1964	4,498	.02	9,909,688	4,152,354	2,203,206	1,280,020	923,187	1,000,000	1.12	.76	2.35	41.90	3.23
1965	5,492	.02	12,668,243	5,321,166	2,306,734	1,337,814	968,920	1,000,000	1.30	.88	2.84	42.00	3.91
1966	5,681	.02	12,626,727	5,389,774	2,222,739	1,273,953	948,786	1,000,000	1.18	.79	2.90	42.69	3.55
1967	7,099	.03	15,360,472	6,512,289	2,163,701	1,246,949	917,331	1,000,000	1.35	.91	3.60	42.40	3.91
1968	8,387	.03	18,886,041	8,377,187	2,251,735	1,252,944	998,791	1,000,000	1.53	1.02	4.21	44.36	4.23
1969	7,330	.03	17,223,452	7,733,440	2,349,774	1,294,711	1,055,064	1,000,000	1.34	.88	3.64	44.90	3.64
1970	4,672	.02	9,993,791	4,448,302	2,138,973	1,186,902	952,071	1,000,000	.79	.52	2.29	44.51	2.30
1971	5,369	.02	11,615,839	5,294,690	2,163,357	1,177,264	986,094	1,000,000	.89	.57	2.60	45.58	2.74
1972	6,099	.02	13,451,803	6,012,358	2,205,599	1,219,794	985,805	1,000,000	.94	.61	2.91	44.70	2.88
1973	5,448	.02	10,915,701	4,923,425	2,003,677	1,099,937	903,740	1,000,000	.72	.47	2.58	45.10	2.17
1974	5,343	.02	10,651,396	4,912,273	1,993,671	1,074,218	919,453	1,000,000	.74	.47	2.50	46.12	2.15
1975	4,585	.02	9,407,259	4,276,941	2,051,917	1,119,028	932,889	1,000,000	.69	.45	2.13	45.46	2.01
1976	5,001	.02	10,313,232	5,060,288	2,062,400	1,050,463	1,011,937	1,000,000	.71	.43	2.30	49.07	2.17
1977	5,716	.02	11,599,899	5,767,988	2,029,539	1,020,362	1,009,177	1,000,000	.77	.46	2.60	49.72	2.30
1978	6,008	.02	11,881,868	5,721,205	1,977,687	1,025,417	952,271	1,000,000	.75	.47	2.71	48.15	2.10
1979	7,732	.02	17,222,833	8,487,371	2,227,427	1,129,757	1,097,671	1,000,000	1.10	.67	3.44	49.28	3.08
1980	7,661	.02	15,968,392	7,589,519	2,084,444	1,093,742	990,703	1,000,000	1.07	.69	3.37	47.53	2.74
1981	7,478	.02	15,811,792	6,922,709	2,114,548	1,188,758	925,790	1,000,000	1.08	.75	3.26	43.78	2.47
1982	10,470	.03	23,516,203	9,217,478	2,245,953	1,365,623	880,330	1,000,000	1.63	1.21	4.51	39.20	3.58
1983	12,825	.04	28,929,321	11,448,251	2,255,716	1,363,058	892,658	1,000,000	1.97	1.43	5.47	39.57	4.62
1984	16,139	.05	37,956,896	15,431,987	2,351,880	1,395,685	956,195	1,000,000	2.41	1.72	6.82	40.66	5.86
1985	17,865	.05	41,431,932	16,237,838	2,319,122	1,410,221	908,901	1,000,000	2.51	1.83	7.48	39.19	5.87
1986	31,859	.09	72,565,082	29,168,908	2,277,695	1,362,132	915,563	1,000,000	4.06	2.94	13.22	40.20	9.34
Part II — Returns with adjusted gross income \$750,000 or more in 1986 dollars													
1951	5,980	.09	8,672,551	4,958,023	1,450,372	621,207	829,165	750,000	2.94	1.57	3.88	57.17	8.41
1952	4,669	.06	6,747,109	3,841,946	1,444,978	622,177	822,801	750,000	2.08	1.12	2.99	56.94	5.83
1953	3,923	.04	5,817,278	3,286,527	1,482,802	645,079	837,724	750,000	1.59	.86	2.47	56.50	4.69
1954	4,637	.05	7,198,117	3,678,782	1,552,477	759,044	793,433	750,000	1.91	1.13	2.86	51.11	5.61
1955	5,875	.06	9,470,771	4,649,272	1,611,951	820,632	791,319	750,000	2.10	1.29	3.56	49.09	6.05
1956	5,709	.05	9,095,236	4,467,650	1,593,276	810,646	782,629	750,000	1.77	1.08	3.40	49.12	5.17
1957	5,204	.04	7,992,975	3,914,272	1,536,072	783,836	752,236	750,000	1.52	.93	3.04	48.97	4.48
1958	4,846	.04	7,566,526	3,540,828	1,561,551	830,808	730,743	750,000	1.47	.94	2.78	46.80	4.16
1959	5,848	.04	9,283,666	4,191,504	1,587,496	870,754	716,742	750,000	1.53	1.01	3.30	45.15	4.19
1960	5,747	.04	9,112,885	4,075,039	1,585,652	876,591	709,061	750,000	1.46	.96	3.19	44.72	4.05
1961	7,167	.04	11,555,637	5,035,937	1,612,263	909,640	702,623	750,000	1.71	1.15	3.92	43.58	4.59
1962	5,926	.03	9,585,298	4,164,235	1,617,629	914,867	702,763	750,000	1.31	.88	3.19	43.44	3.55
1963	6,095	.03	10,038,481	4,283,183	1,647,058	944,297	702,761	750,000	1.26	.86	3.23	42.67	3.37
1964	7,658	.04	12,641,149	5,325,032	1,650,757	955,382	695,375	750,000	1.43	.97	4.01	42.12	4.14
1965	9,365	.04	16,000,904	6,756,243	1,708,650	987,188	721,463	750,000	1.64	1.10	4.84	42.22	4.97
1966	9,924	.04	16,260,229	6,877,647	1,638,460	945,434	693,025	750,000	1.52	1.02	5.07	42.30	4.53
1967	12,118	.05	19,662,316	8,284,699	1,622,623	938,932	683,691	750,000	1.73	1.17	6.14	42.13	4.97
1968	13,930	.05	23,645,821	10,445,036	1,697,480	947,655	749,826	750,000	1.92	1.28	6.99	44.17	5.28
1969	12,119	.04	21,334,822	9,566,394	1,760,378	971,036	789,342	750,000	1.66	1.10	6.02	44.84	4.51
1970	8,322	.03	13,121,703	5,825,934	1,576,888	876,651	700,037	750,000	1.04	.68	4.08	44.40	3.01
1971	9,302	.03	14,988,898	6,777,618	1,611,291	882,704	728,587	750,000	1.15	.74	4.50	45.22	3.51
1972	10,736	.03	17,421,482	7,716,180	1,622,767	904,025	718,743	750,000	1.22	.80	5.13	44.29	3.69
1973	10,013	.03	14,824,987	6,598,281	1,480,588	821,610	658,978	750,000	.98	.64	4.74	44.51	2.90
1974	9,807	.03	14,476,263	6,567,504	1,476,158	806,463	669,694	750,000	1.00	.65	4.60	45.37	2.87
1975	8,452	.03	12,717,503	5,686,059	1,504,696	831,939	672,757	750,000	.93	.61	3.92	44.71	2.67
1976	9,286	.03	13,978,640	6,662,623	1,505,406	787,886	717,520	750,000	.96	.60	4.27	47.66	2.86
1977	10,227	.03	15,465,681	7,439,772	1,512,236	784,774	727,462	750,000	1.03	.64	4.65	48.11	2.97
1978	11,017	.03	16,165,973	7,554,452	1,467,317	781,632	685,686	750,000	1.02	.66	4.96	46.73	2.77
1979	13,702	.04	22,334,810	10,705,370	1,630,063	848,752	781,311	750,000	1.42	.90	6.10	47.93	3.89
1980	13,342	.04	20,838,110	9,772,481	1,561,843	829,383	732,460	750,000	1.40	.91	5.87	46.90	3.53
1981	12,996	.04	20,539,603	8,944,789	1,580,515	892,217	688,298	750,000	1.40	.98	5.66	43.55	3.19
1982	17,470	.05	29,519,370	11,540,037	1,689,712	1,029,151	660,56						

Individual Income Tax Shares, 1951-1986

Table 5.—Returns with Adjusted Gross Income \$25,000 or more in 1986 Dollars: Number of Returns, Income, and Federal Income Tax, Cumulated by Size of Income in 1986 Dollars, Tax Years 1951-1986—Continued

[All figures are estimates—money amounts are in 1986 dollars]

Tax year	Returns		Adjusted gross income (thousand dollars)	Federal income tax (thousand dollars)	Mean income		Average income tax (dollars)	Minimum income cutoff (dollars)	Income share		Returns per 100,000 population	Average income tax rate (percent)	Income tax share (percent)
	Number	Percent of total			Before tax (dollars)	After tax (dollars)			Before tax (percent)	After tax (percent)			
Part III — Returns with adjusted gross income \$500,000 or more in 1986 dollars													
1951	14,289	.22	13,648,479	7,408,971	955,170	436,663	518,506	500,000	4.62	2.64	9.28	54.28	12.57
1952	11,631	.16	10,907,421	6,020,138	937,790	420,195	517,595	500,000	3.36	1.89	7.44	55.19	9.14
1953	9,915	.11	9,391,030	5,137,350	947,201	429,036	518,165	500,000	2.57	1.44	6.24	54.70	7.34
1954	11,586	.13	11,321,702	5,567,528	977,156	496,633	480,524	500,000	3.00	1.85	7.16	49.18	8.50
1955	13,983	.13	14,306,668	6,775,027	1,023,157	538,634	484,524	500,000	3.16	2.01	8.47	47.36	8.81
1956	13,805	.11	13,899,709	6,570,641	1,006,869	530,904	475,965	500,000	2.71	1.72	8.21	47.27	7.61
1957	12,707	.10	12,457,778	5,885,490	980,350	517,199	463,152	500,000	2.37	1.50	7.42	47.24	6.73
1958	10,951	.09	11,240,674	5,148,589	1,026,465	556,311	470,154	500,000	2.19	1.42	6.29	45.80	6.05
1959	13,808	.10	13,999,906	6,188,096	1,013,904	565,748	448,155	500,000	2.31	1.54	7.80	44.20	6.18
1960	12,747	.08	13,304,640	5,831,820	1,043,754	586,246	457,509	500,000	2.13	1.43	7.08	43.83	5.80
1961	15,753	.10	16,695,199	7,193,909	1,059,787	603,128	456,659	500,000	2.47	1.68	8.61	43.09	6.55
1962	13,548	.08	14,148,794	6,058,033	1,044,326	597,181	447,145	500,000	1.93	1.31	7.29	42.82	5.16
1963	14,021	.07	14,783,759	6,260,875	1,054,428	607,881	446,547	500,000	1.86	1.27	7.44	42.35	4.92
1964	17,041	.08	18,271,128	7,626,857	1,072,184	624,626	447,558	500,000	2.06	1.40	8.92	41.74	5.93
1965	20,931	.09	22,932,150	9,573,852	1,095,628	638,218	457,409	500,000	2.35	1.59	10.82	41.75	7.04
1966	22,618	.09	23,859,097	9,835,432	1,054,867	620,020	434,848	500,000	2.23	1.53	11.56	41.22	6.47
1967	27,066	.11	28,608,340	11,761,856	1,056,998	622,431	434,568	500,000	2.52	1.74	13.71	41.11	7.06
1968	30,615	.11	33,614,885	14,522,566	1,098,004	623,636	474,369	500,000	2.73	1.85	15.35	43.20	7.34
1969	26,426	.09	29,891,358	13,106,387	1,131,122	635,162	495,960	500,000	2.33	1.56	13.12	43.85	6.17
1970	19,883	.07	20,028,134	8,558,327	1,007,279	576,853	430,426	500,000	1.59	1.08	9.75	42.73	4.42
1971	21,612	.07	22,338,103	9,659,301	1,033,607	586,661	446,946	500,000	1.71	1.14	10.45	43.24	5.00
1972	25,388	.08	26,177,401	11,074,626	1,031,076	594,868	436,208	500,000	1.83	1.24	12.13	42.31	5.30
1973	24,717	.08	23,601,274	10,031,055	954,863	549,025	405,837	500,000	1.57	1.06	11.69	42.50	4.41
1974	23,816	.07	22,847,438	10,046,603	959,351	537,500	421,851	500,000	1.58	1.05	11.16	43.97	4.39
1975	20,828	.07	20,109,932	8,825,628	965,547	541,798	423,749	500,000	1.48	.98	9.67	43.89	4.14
1976	22,849	.07	22,088,964	10,266,847	966,730	517,398	449,332	500,000	1.52	.97	10.50	46.48	4.41
1977	24,983	.08	24,251,015	11,351,396	970,715	516,343	454,371	500,000	1.61	1.03	11.37	46.81	4.54
1978	27,244	.08	25,849,757	11,809,617	948,812	515,341	433,470	500,000	1.64	1.07	12.27	45.69	4.33
1979	31,935	.09	33,259,945	15,392,213	1,041,497	559,507	481,989	500,000	2.12	1.38	14.22	46.28	5.59
1980	30,543	.09	31,127,690	14,064,256	1,019,143	558,669	460,474	500,000	2.09	1.41	13.44	45.18	5.08
1981	29,212	.09	30,257,576	12,815,946	1,035,795	597,072	438,723	500,000	2.06	1.47	12.72	42.36	4.57
1982	36,807	.12	41,139,044	15,776,402	1,117,700	609,073	428,626	500,000	2.85	2.14	15.87	38.35	6.12
1983	42,708	.13	49,080,020	18,911,902	1,149,194	766,378	442,817	500,000	3.34	2.47	18.23	38.53	7.63
1984	46,672	.14	59,817,224	23,645,672	1,228,974	743,162	485,812	500,000	3.80	2.76	20.58	39.53	8.98
1985	60,434	.17	69,963,244	26,431,500	1,157,679	720,318	437,361	500,000	4.23	3.16	25.31	37.78	9.56
1986	83,417	.23	106,235,545	42,097,026	1,273,548	768,890	504,658	500,000	5.94	4.35	34.60	39.63	13.47
Part IV — Returns with adjusted gross income \$250,000 or more in 1986 dollars													
1951	62,414	.97	29,675,823	14,190,000	475,470	248,116	227,354	250,000	10.05	6.56	40.53	47.82	24.07
1952	55,136	.74	25,293,756	12,392,860	458,752	233,983	224,769	250,000	7.79	4.99	35.25	49.00	18.81
1953	49,048	.56	22,317,263	10,796,344	455,004	234,889	220,116	250,000	6.11	3.90	30.86	48.38	15.42
1954	56,829	.64	26,266,926	11,472,371	462,209	260,334	201,875	250,000	6.97	4.75	35.10	43.68	17.51
1955	64,784	.61	31,135,824	13,234,353	480,610	276,326	204,284	250,000	6.89	4.77	39.25	42.51	17.22
1956	69,605	.57	32,303,676	13,702,704	464,098	267,235	196,863	250,000	6.29	4.35	41.41	42.42	15.86
1957	64,682	.51	29,524,354	12,516,187	456,451	262,949	193,502	250,000	5.61	3.88	37.78	42.39	14.31
1958	60,500	.49	27,571,200	11,412,507	455,726	267,088	188,638	250,000	5.36	3.77	34.74	41.39	13.41
1959	73,353	.51	33,577,346	13,635,246	457,753	271,866	185,886	250,000	5.54	3.94	41.41	40.81	13.63
1960	62,033	.41	29,421,377	11,857,089	474,284	283,143	191,141	250,000	4.72	3.36	34.47	40.30	11.80
1961	69,009	.43	34,220,878	13,771,337	495,888	296,330	199,558	250,000	5.07	3.62	37.71	40.24	12.54
1962	68,171	.39	31,908,230	12,615,432	468,059	283,004	185,055	250,000	4.34	3.13	36.70	39.54	10.75
1963	71,442	.38	33,485,213	13,194,219	468,702	284,019	184,683	250,000	4.20	3.03	37.90	39.40	10.37
1964	84,971	.41	40,418,449	15,123,448	475,672	297,689	177,983	250,000	4.56	3.34	44.45	37.42	11.76
1965	100,168	.44	48,861,227	18,087,214	487,792	307,223	180,568	250,000	5.01	3.67	51.76	37.02	13.31
1966	108,239	.44	51,894,593	19,237,390	479,444	301,714	177,731	250,000	4.84	3.55	55.34	37.07	12.66
1967	125,324	.49	60,881,592	22,667,009	485,793	304,926	180,867	250,000	5.36	3.94	63.47	37.23	13.60
1968	138,002	.50	69,000,183	27,293,867	499,995	302,216	197,779	250,000	5.60	4.04	69.21	39.56	13.80
1969	124,383	.43	62,038,410	24,941,451	498,768	298,247	200,521	250,000	4.83	3.46	61.76	40.20	11.75
1970	105,903	.37	48,064,864	18,364,843	453,857	280,445	173,412	250,000	3.81	2.79	51.92	38.21	9.49
1971	111,598	.38	51,700,019	19,771,187	463,270	286,106	177,164	250,000	3.97	2.88	53.96	38.24	10.23
1972	129,094	.41	60,051,367	22,501,154	465,174	290,874	174,300	250,000	4.21	3.08	61.68	37.47	10.77
1973	131,355	.40	58,354,901	22,015,005	444,252	276,653	167,599	250,000	3.87	2.84	62.15	37.73	9.68
1974	124,782	.39	55,805,363	22,017,203	447,224	270,778	176,446	250,000	3.86	2.78	58.49	39.45	9.62
1975	111,839	.37	49,801,849	19,729,328	445,298	268,890	176,408	250,000	3.66	2.62	51.91	39.62	9.25
1976	118,476	.37	53,322,663	22,126,766	450,073	263,311	186,762	250,000	3.67	2.56	54.46	41.50	9.49
1977	126,888	.39	57,724,505	24,082,319	454,925	265,133	189,792	250,000	3.83	2.68	57.74	41.72	9.62
1978	138,042	.41	62,239,940	25,600,694	450,876	265,420	185,455	250,000	3.94	2.80	62.15	41.13	9.39
1979	142,212	.42	69,681,289	29,180,305	489,983	284,794	205,189	250,000	4.44	3.13	63.32	41.88	10.60
1980	135,210	.41	65,683,868	27,501,384	485,792	282,394	203,398	250,000	4.41	3.15	59.50	41.87	9.93
1981	127,581	.39	62,750,634	25,344,085	491,849	293,198	198,651	250,000	4.28	3.16	55.56	40.39	9.04
1982	139,623	.44	75,364,127	28,047,787	539,770	338,887	200,883	250,000	5.23	4.00	60.18	37.22	10.88
1983	154,274	.48	86,128,947	31,866,548	558,287	351,728	206,559	250,000	5.87	4.45	65.85	37.00	12.86
1984	176,842	.53	102,833,177	38,242,577	581,496	365,244	216,252	250,000	6.54	4.93	74.78	37.19	14.52
1985	204,939	.59	118,698,939	42,681,557	579,191	370,926	208,264	250,000	7.18	5.52	85.84	35.96	15.43
1986	247,874	.69	160,979,108	60,939,681	649,440	403,590	245,850	250,000	9.00	6.78	102.82	37.86	19.51

See notes at end of tables.

Individual Income Tax Shares, 1951-1986

Table 5.—Returns with Adjusted Gross Income \$25,000 or more in 1986 Dollars: Number of Returns, Income, and Federal Income Tax, Cumulated by Size of Income in 1986 Dollars, Tax Years 1951-1986—Continued

[All figures are estimates—money amounts are in 1986 dollars]

Tax year	Returns		Adjusted gross income (thousand dollars)	Federal income tax (thousand dollars)	Mean income		Average income tax (dollars)	Minimum income cutoff (dollars)	Income share		Returns per 100,000 population	Average income tax rate (percent)	Income tax share (percent)
	Number	Percent of total			Before tax (dollars)	After tax (dollars)			Before tax (percent)	After tax (percent)			
Part V — Returns with adjusted gross income \$100,000 or more in 1986 dollars													
1951.....	364,616	5.66	73,590,358	26,829,076	201,830	128,248	73,582	100,000	24.93	19.79	236.79	36.46	45.52
1952.....	348,549	4.65	67,894,213	25,670,906	194,791	121,140	73,651	100,000	20.92	16.32	222.87	37.81	38.97
1953.....	339,003	3.86	64,064,965	23,624,946	188,981	119,291	69,690	100,000	17.54	13.69	213.27	36.88	33.74
1954.....	370,236	4.17	71,409,153	23,782,962	192,875	128,637	64,237	100,000	18.94	15.29	228.70	33.31	36.29
1955.....	429,754	4.03	83,583,832	27,315,884	194,492	130,931	63,562	100,000	18.49	15.00	260.35	32.68	35.54
1956.....	465,918	3.82	89,522,190	29,152,496	192,142	129,572	62,570	100,000	17.43	14.13	277.19	32.56	33.75
1957.....	458,784	3.62	86,111,876	27,777,740	187,696	127,149	60,546	100,000	16.37	13.30	268.00	32.26	31.77
1958.....	435,063	3.52	81,132,613	25,860,410	186,485	127,044	59,441	100,000	15.78	12.89	249.82	31.87	30.38
1959.....	502,540	3.46	95,652,951	30,427,424	190,339	129,792	60,547	100,000	15.77	12.88	283.70	31.81	30.41
1960.....	483,977	3.21	89,500,802	27,753,492	184,928	127,583	57,345	100,000	14.35	11.80	268.91	31.01	27.62
1961.....	532,584	3.30	100,089,402	31,287,548	187,932	129,185	58,747	100,000	14.83	12.17	291.04	31.26	28.50
1962.....	558,293	3.18	101,614,753	30,943,832	182,010	126,584	55,426	100,000	13.84	11.45	300.53	30.45	26.37
1963.....	598,183	3.16	108,299,786	32,960,961	181,048	125,946	55,102	100,000	13.59	11.26	317.37	30.43	25.90
1964.....	671,612	3.22	124,615,740	34,630,879	185,547	133,983	51,564	100,000	14.06	11.87	351.37	27.79	26.92
1965.....	752,096	3.33	142,757,693	38,913,033	189,813	138,074	51,739	100,000	14.64	12.37	388.63	27.26	28.63
1966.....	814,117	3.30	153,537,235	42,208,839	188,593	136,747	51,846	100,000	14.33	12.11	416.27	27.49	27.78
1967.....	906,719	3.54	173,465,766	48,487,708	191,312	137,836	53,476	100,000	15.26	12.89	459.20	27.95	29.08
1968.....	983,222	3.59	189,896,276	58,545,003	193,137	133,593	59,544	100,000	15.42	12.71	493.09	30.83	29.60
1969.....	961,480	3.35	181,300,772	56,580,776	188,564	129,717	58,848	100,000	14.11	11.63	477.43	31.21	26.65
1970.....	916,156	3.22	162,756,249	47,171,718	177,651	126,162	51,489	100,000	12.92	10.84	449.13	28.98	24.38
1971.....	977,230	3.37	174,050,036	49,361,353	178,105	127,594	50,511	100,000	13.36	11.24	472.49	28.36	25.55
1972.....	1,092,159	3.50	196,156,355	54,967,790	179,604	129,275	50,329	100,000	13.74	11.58	521.86	28.02	26.31
1973.....	1,183,114	3.63	206,363,902	57,830,824	174,424	125,544	48,880	100,000	13.70	11.61	559.77	28.02	25.44
1974.....	1,106,067	3.48	193,680,738	57,268,438	175,108	123,331	51,777	100,000	13.40	11.21	518.45	29.57	25.02
1975.....	1,006,175	3.33	175,357,481	52,929,076	174,281	121,677	52,604	100,000	12.89	10.67	466.98	30.18	24.82
1976.....	1,068,742	3.36	186,640,578	59,003,960	174,636	119,427	55,209	100,000	12.86	10.48	491.23	31.61	25.32
1977.....	1,102,511	3.37	194,952,352	63,327,200	176,826	119,387	57,439	100,000	12.94	10.48	501.69	32.48	25.30
1978.....	1,175,179	3.45	208,038,282	67,905,960	177,027	119,243	57,783	100,000	13.17	10.72	529.13	32.64	24.91
1979.....	1,160,043	3.41	212,635,663	70,620,413	183,300	122,422	60,877	100,000	13.54	10.97	516.52	33.21	25.66
1980.....	1,091,384	3.34	199,663,791	68,320,213	182,945	120,346	62,600	100,000	13.41	10.83	480.25	34.22	24.67
1981.....	1,014,869	3.14	186,295,130	63,156,370	183,566	121,335	62,231	100,000	12.71	10.39	441.94	33.90	22.53
1982.....	977,813	3.06	193,216,303	61,675,038	197,600	134,526	63,074	100,000	13.41	11.12	421.48	31.92	23.93
1983.....	1,018,760	3.18	207,915,310	64,076,079	204,087	141,190	62,896	100,000	14.16	11.78	434.84	30.82	25.86
1984.....	1,138,711	3.38	237,490,319	73,003,082	208,561	144,450	64,110	100,000	15.10	12.56	481.53	30.74	27.72
1985.....	1,258,924	3.63	266,119,920	79,974,249	211,387	147,861	63,526	100,000	16.10	13.53	527.32	30.05	28.91
1986.....	1,489,956	4.14	336,049,957	106,452,959	225,544	154,096	71,447	100,000	18.79	15.56	618.04	31.68	34.07
Part VI — Returns with adjusted gross income \$75,000 or more in 1986 dollars													
1951.....	589,457	9.15	92,943,257	30,885,814	157,676	105,279	52,397	75,000	31.49	26.27	382.81	33.23	52.40
1952.....	578,931	7.72	87,679,762	30,286,628	151,451	99,136	52,315	75,000	27.01	22.18	370.18	34.54	45.98
1953.....	581,301	6.61	84,859,012	28,416,677	145,981	97,097	48,885	75,000	23.23	19.11	365.70	34.50	40.58
1954.....	630,320	7.09	93,772,448	28,326,920	148,770	103,829	44,941	75,000	24.87	21.01	389.36	30.21	43.23
1955.....	726,716	6.81	109,118,009	32,389,968	150,152	105,582	44,570	75,000	24.14	20.45	440.25	29.68	42.14
1956.....	795,984	6.52	117,816,142	34,724,886	148,013	104,388	43,625	75,000	22.94	19.45	473.55	29.47	40.20
1957.....	788,059	6.21	114,395,698	33,462,033	145,161	102,700	42,461	75,000	21.75	18.45	460.35	29.25	38.27
1958.....	765,261	6.18	109,451,108	31,627,972	143,025	101,695	41,330	75,000	21.29	18.14	439.43	28.90	37.16
1959.....	872,855	6.02	127,403,218	36,890,518	145,961	103,697	42,264	75,000	21.01	17.87	492.76	28.96	36.87
1960.....	868,657	5.77	122,498,446	34,438,805	141,021	101,374	39,646	75,000	19.64	16.83	484.64	28.11	34.27
1961.....	948,813	5.88	135,791,432	38,628,273	143,117	102,405	40,712	75,000	20.11	17.19	518.50	28.45	35.19
1962.....	1,017,162	5.79	140,945,326	38,923,419	138,567	100,301	38,267	75,000	19.19	16.53	547.54	27.62	33.17
1963.....	1,099,651	5.80	151,242,449	41,710,140	137,537	99,606	37,930	75,000	18.98	16.36	583.42	27.52	32.77
1964.....	1,230,241	5.90	172,402,409	43,838,210	140,137	104,503	35,634	75,000	19.45	16.96	643.63	25.43	34.08
1965.....	1,366,324	6.05	195,304,987	48,509,789	142,942	107,438	35,504	75,000	20.03	17.49	706.02	24.84	35.69
1966.....	1,492,040	6.05	211,534,360	52,929,752	141,775	106,301	35,475	75,000	19.75	17.25	762.90	25.02	34.83
1967.....	1,654,880	6.46	237,511,248	60,455,307	143,522	106,990	36,532	75,000	20.90	18.26	838.10	25.45	36.26
1968.....	1,810,778	6.61	260,604,164	71,891,077	143,918	104,217	39,702	75,000	21.17	18.26	908.12	27.59	36.34
1969.....	1,849,170	6.44	256,943,363	71,617,268	138,951	100,221	38,729	75,000	20.00	17.28	918.23	27.87	33.73
1970.....	1,802,659	6.34	238,398,922	61,507,765	132,248	98,128	34,121	75,000	18.92	16.59	883.73	25.80	31.79
1971.....	1,926,088	6.64	254,833,485	64,149,027	132,306	99,001	33,305	75,000	19.56	17.19	931.26	25.17	33.20
1972.....	2,195,371	7.04	290,033,018	71,923,448	132,111	99,350	32,761	75,000	20.31	17.90	1,048.99	24.80	34.42
1973.....	2,405,671	7.37	310,488,350	77,026,564	129,065	97,046	32,019	75,000	20.61	18.25	1,138.20	24.81	33.88
1974.....	2,213,343	6.96	288,260,442	75,227,080	130,238	96,250	33,988	75,000	19.94	17.51	1,037.46	26.10	32.86
1975.....	2,046,053	6.78	263,614,134	69,673,103	128,840	94,788	34,052	75,000	19.38	16.90	949.60	26.43	32.67
1976.....	2,235,222	7.02	285,879,154	78,166,033	127,897	92,927	34,970	75,000	19.70	17.05	1,027.39	27.34	33.54
1977.....	2,343,423	7.16	300,449,520	84,161,842	128,210	92,296	35,914	75,000	19.95	17.22	1,066.36	28.01	33.63
1978.....	2,495,588	7.33	320,275,257	91,057,249	128,337	91,849	36,487	75,000	20.28	17.54	1,123.66	28.43	33.41
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Individual Income Tax Shares, 1951-1986

Table 5.—Returns with Adjusted Gross Income \$25,000 or more in 1986 Dollars: Number of Returns, Income, and Federal Income Tax, Cumulated by Size of Income in 1986 Dollars, Tax Years 1951-1986—Continued

[All figures are estimates—money amounts are in 1986 dollars]

Tax year	Returns		Adjusted gross income (thousand dollars)	Federal income tax (thousand dollars)	Mean income		Average income tax (dollars)	Minimum income cutoff (dollars)	Income share		Returns per 100,000 population	Average income tax rate (percent)	Income tax share (percent)
	Number	Percent of total			Before tax (dollars)	After tax (dollars)			Before tax (percent)	After tax (percent)			
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	
Part VII — Returns with adjusted gross income \$50,000 or more in 1986 dollars													
1951	1,166,853	18.12	127,651,970	37,081,882	109,398	77,619	31,779	50,000	43.24	38.34	757.79	29.05	62.91
1952	1,196,913	15.96	124,776,374	37,280,335	104,248	73,101	31,147	50,000	38.44	33.82	765.32	29.88	56.59
1953	1,263,071	14.37	125,682,590	36,047,843	99,506	70,966	28,540	50,000	34.40	30.35	794.60	28.68	51.48
1954	1,338,299	15.06	136,180,156	35,296,016	101,756	75,382	26,374	50,000	36.12	32.38	826.70	25.92	53.86
1955	1,576,189	14.77	159,836,854	40,651,691	101,407	75,616	25,791	50,000	35.36	31.77	954.87	25.43	52.89
1956	1,765,072	14.45	175,578,550	44,142,241	99,474	74,465	25,009	50,000	34.18	30.76	1,050.09	25.14	51.10
1957	1,779,912	14.03	173,499,780	43,179,924	97,477	73,217	24,260	50,000	32.98	29.71	1,039.75	24.89	49.38
1958	1,776,723	14.36	169,691,298	41,580,958	95,508	72,105	23,403	50,000	33.01	29.87	1,020.23	24.50	48.85
1959	2,095,217	14.44	200,019,355	48,803,122	95,465	72,172	23,293	50,000	32.98	29.86	1,182.84	24.40	48.78
1960	2,178,410	14.47	200,126,624	47,107,427	91,868	70,244	21,625	50,000	32.09	29.25	1,210.37	23.54	46.87
1961	2,392,495	14.82	221,288,252	52,822,261	92,493	70,414	22,078	50,000	32.78	29.80	1,307.43	23.87	48.12
1962	2,687,062	15.30	239,541,318	55,061,609	89,146	68,655	20,491	50,000	32.61	29.89	1,446.44	22.99	46.92
1963	2,992,509	15.78	263,003,846	59,995,141	87,887	67,839	20,048	50,000	33.01	30.33	1,587.68	22.81	47.14
1964	3,393,879	16.28	300,184,992	62,713,200	88,449	69,971	18,478	50,000	33.86	31.33	1,775.59	20.89	48.75
1965	3,843,558	17.02	341,394,897	68,993,575	88,823	70,872	17,950	50,000	35.00	32.45	1,986.07	20.21	50.75
1966	4,325,617	17.53	378,619,556	76,938,782	87,530	69,743	17,787	50,000	35.35	32.82	2,211.73	20.32	50.63
1967	4,828,491	18.84	424,605,282	88,043,639	87,937	69,703	18,234	50,000	37.36	34.70	2,445.34	20.74	52.81
1968	5,452,709	19.90	474,928,129	105,691,803	87,099	67,716	19,383	50,000	38.58	35.73	2,734.57	22.25	53.43
1969	5,844,261	20.37	492,164,908	110,124,994	84,213	65,370	18,843	50,000	38.30	35.61	2,902.03	22.38	51.87
1970	5,862,078	20.61	477,678,048	97,853,457	81,486	64,794	16,693	50,000	37.91	35.62	2,873.79	20.49	50.57
1971	6,266,258	21.59	510,769,798	101,480,024	81,511	65,316	16,195	50,000	39.21	36.90	3,029.71	19.87	52.52
1972	7,264,053	23.31	589,258,826	115,003,156	81,120	65,288	15,832	50,000	41.27	38.91	3,470.91	19.52	55.04
1973	7,879,520	24.15	634,470,269	125,591,952	80,521	64,582	15,939	50,000	42.12	39.79	3,728.06	19.79	55.24
1974	7,312,314	23.01	588,875,694	122,952,310	80,532	63,718	16,814	50,000	40.73	38.29	3,427.51	20.88	53.71
1975	6,822,147	22.61	545,854,318	115,087,575	80,012	63,142	16,870	50,000	40.12	37.55	3,166.24	21.08	53.97
1976	7,543,065	23.70	599,070,864	129,869,754	79,420	62,203	17,217	50,000	41.28	38.51	3,467.07	21.68	55.73
1977	7,975,999	24.36	633,413,176	141,228,316	79,415	61,708	17,707	50,000	42.06	39.19	3,629.41	22.30	56.43
1978	8,564,644	25.16	679,145,394	154,459,138	79,296	61,262	18,035	50,000	43.01	40.16	3,856.30	22.74	56.67
1979	8,250,959	24.28	662,795,339	154,442,591	80,329	61,611	18,718	50,000	42.22	39.26	3,673.84	23.30	56.13
1980	7,562,422	23.18	610,542,993	150,661,532	80,734	60,811	19,922	50,000	40.99	37.93	3,327.73	24.68	54.40
1981	7,425,914	22.97	592,920,755	148,342,808	79,845	59,866	19,976	50,000	40.46	37.52	3,233.76	25.02	52.92
1982	6,837,898	21.42	564,015,813	134,077,977	82,484	62,878	19,608	50,000	39.14	36.34	2,947.42	23.77	52.02
1983	7,054,878	22.00	592,672,670	133,543,469	84,009	65,080	18,929	50,000	40.36	37.61	3,011.25	22.53	53.90
1984	7,862,663	23.36	667,406,224	148,735,734	84,883	65,966	18,917	50,000	42.43	39.60	3,324.92	22.29	56.48
1985	8,570,332	24.73	734,256,072	161,792,221	85,674	66,796	18,878	50,000	44.43	41.61	3,589.80	22.03	58.49
1986	9,464,557	26.31	849,808,455	195,193,758	89,789	69,165	20,624	50,000	47.53	44.36	3,925.93	22.97	62.48
Part VIII — Returns with adjusted gross income \$25,000 or more in 1986 dollars													
1951	6,439,826	100.00	295,186,191	58,944,846	45,838	36,684	9,153	25,000	100.00	100.00	4,182.19	19.97	100.00
1952	7,497,663	100.00	324,609,427	65,872,846	43,295	34,509	8,786	25,000	100.00	100.00	4,794.12	20.29	100.00
1953	8,787,722	100.00	365,338,230	70,023,547	41,574	33,605	7,968	25,000	100.00	100.00	5,528.40	19.17	100.00
1954	8,886,125	100.00	377,073,603	65,527,337	42,434	35,060	7,374	25,000	100.00	100.00	5,489.19	17.38	100.00
1955	10,673,884	100.00	452,038,200	76,861,195	42,350	35,149	7,201	25,000	100.00	100.00	6,466.32	17.00	100.00
1956	12,212,396	100.00	513,680,331	86,377,474	42,062	34,989	7,073	25,000	100.00	100.00	7,265.48	16.82	100.00
1957	12,682,122	100.00	526,041,961	87,444,974	41,479	34,584	6,895	25,000	100.00	100.00	7,408.34	16.62	100.00
1958	12,374,944	100.00	514,078,396	85,123,610	41,542	34,663	6,879	25,000	100.00	100.00	7,105.95	16.56	100.00
1959	14,505,856	100.00	606,518,644	100,051,725	41,812	34,915	6,897	25,000	100.00	100.00	8,189.15	16.50	100.00
1960	15,056,843	100.00	623,579,123	100,498,567	41,415	34,740	6,675	25,000	100.00	100.00	8,365.89	16.12	100.00
1961	16,146,365	100.00	675,080,711	109,775,600	41,810	35,011	6,799	25,000	100.00	100.00	8,823.54	16.26	100.00
1962	17,563,969	100.00	734,463,884	117,344,415	41,817	35,136	6,681	25,000	100.00	100.00	9,454.63	15.98	100.00
1963	18,958,119	100.00	796,647,380	127,273,040	42,021	35,308	6,713	25,000	100.00	100.00	10,058.26	15.98	100.00
1964	20,852,561	100.00	886,507,523	128,637,026	42,513	36,344	6,169	25,000	100.00	100.00	10,909.52	14.51	100.00
1965	22,587,883	100.00	975,280,964	135,937,824	43,177	37,159	6,018	25,000	100.00	100.00	11,671.76	13.94	100.00
1966	24,673,880	100.00	1,071,159,863	151,964,517	43,413	37,254	6,159	25,000	100.00	100.00	12,616.01	14.19	100.00
1967	25,628,079	100.00	1,136,558,060	166,711,438	44,348	37,843	6,505	25,000	100.00	100.00	12,979.07	14.67	100.00
1968	27,400,765	100.00	1,231,170,914	197,816,404	44,932	37,713	7,219	25,000	100.00	100.00	13,741.68	16.07	100.00
1969	28,697,258	100.00	1,285,008,123	212,310,277	44,778	37,380	7,398	25,000	100.00	100.00	14,249.95	16.52	100.00
1970	28,449,435	100.00	1,259,912,798	193,485,961	44,286	37,485	6,801	25,000	100.00	100.00	13,946.90	15.36	100.00
1971	29,026,275	100.00	1,302,541,547	193,207,844	44,875	38,218	6,656	25,000	100.00	100.00	14,034.08	14.83	100.00
1972	31,163,221	100.00	1,427,711,252	208,960,465	45,814	39,109	6,705	25,000	100.00	100.00	14,890.40	14.64	100.00
1973	32,629,269	100.00	1,506,252,967	227,353,361	46,163	39,195	6,968	25,000	100.00	100.00	15,437.99	15.09	100.00
1974	31,784,553	100.00	1,445,728,475	228,904,588	45,485	38,283	7,202	25,000	100.00	100.00	14,898.40	15.83	100.00
1975	30,174,338	100.00	1,360,554,201	213,259,871	45,090	38,022	7,068	25,000	100.00	100.00	14,004.29	15.67	100.00
1976	31,832,684	100.00	1,451,303,082	233,053,232	45,592	38,270	7,321	25,000	100.00	100.00	14,631.48	16.06	100.00
1977	32,740,157	100.00	1,506,116,823	250,286,107	46,002	38,358	7,645	25,000	100.00	100.00	14,898.14	16.62	100.00
1978	34,043,556	100.00	1,579,166,										

Individual Income Tax Shares, 1951-1986

Table 6.—Returns with Adjusted Gross Income \$25,000 or more in 1986 Dollars: Number of Returns, Income, and Federal Income Tax, Cumulated by Returns per 100,000 Population Groups, Tax Years 1951-1986

[All figures are estimates—money amounts are in 1986 dollars]

Tax year	Returns		Adjusted gross income (thousand dollars)	Federal income tax (thousand dollars)	Mean income		Average income tax (dollars)	Minimum income cutoff (dollars)	Income share		Returns per 100,000 population	Average income tax rate (percent)	Income tax share (percent)
	Number	Percent of total			Before tax (dollars)	After tax (dollars)			Before tax (percent)	After tax (percent)			
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)
Part I — Top 25 returns per 100,000 population													
1951.....	38,495	.60	23,004,116	11,574,775	597,579	296,901	300,679	315,614	7.79	4.84	25.00	50.32	19.64
1952.....	39,098	.52	20,976,032	10,532,782	536,495	267,103	269,393	292,012	6.46	4.04	25.00	50.21	15.99
1953.....	39,739	.45	19,881,458	9,766,856	500,301	254,526	245,775	274,544	5.44	3.43	25.00	49.13	13.95
1954.....	40,471	.46	21,877,958	9,796,969	540,584	298,510	242,074	290,299	5.80	3.88	25.00	44.78	14.95
1955.....	41,267	.39	24,654,860	10,797,477	597,444	335,796	261,648	307,360	5.45	3.69	25.00	43.79	14.05
1956.....	42,022	.34	24,664,761	10,780,131	586,949	330,413	256,535	311,305	4.80	3.25	25.00	43.71	12.48
1957.....	42,797	.34	23,599,469	10,264,320	551,431	311,593	239,839	297,054	4.49	3.04	25.00	43.49	11.74
1958.....	43,537	.35	23,042,234	9,722,921	529,253	305,929	223,324	287,398	4.48	3.11	25.00	42.20	11.42
1959.....	44,284	.31	25,574,618	10,651,832	577,517	336,981	240,536	308,694	4.22	2.95	25.00	41.65	10.65
1960.....	44,995	.30	24,882,351	10,190,473	553,006	326,524	226,481	285,936	3.99	2.81	25.00	40.95	10.14
1961.....	45,748	.28	27,887,958	11,444,173	609,599	359,443	250,157	300,207	4.13	2.91	25.00	41.04	10.43
1962.....	46,443	.26	26,067,606	10,502,253	561,282	335,150	226,132	291,643	3.55	2.52	25.00	40.29	8.95
1963.....	47,121	.25	26,912,176	10,812,420	571,132	341,670	229,462	295,513	3.38	2.41	25.00	40.18	8.50
1964.....	47,785	.23	30,064,142	11,665,084	629,151	385,036	244,115	316,537	3.39	2.43	25.00	38.80	9.07
1965.....	48,382	.21	33,991,673	13,336,162	702,576	426,930	275,646	340,311	3.49	2.46	25.00	39.23	9.81
1966.....	48,894	.20	34,653,084	13,811,488	708,739	426,261	282,478	350,771	3.24	2.27	25.00	39.86	9.09
1967.....	49,364	.19	38,175,174	15,427,788	773,336	460,807	312,530	377,189	3.36	2.35	25.00	40.41	9.25
1968.....	49,850	.18	42,112,115	18,029,963	844,781	483,095	361,686	396,769	3.42	2.33	25.00	42.81	9.11
1969.....	50,346	.18	40,038,600	17,333,548	795,265	450,978	344,287	370,864	3.12	2.12	25.00	43.29	8.16
1970.....	50,996	.18	32,414,274	13,384,626	635,624	373,160	262,464	335,199	2.57	1.78	25.00	41.29	6.92
1971.....	51,707	.18	34,492,780	14,302,989	667,085	390,467	276,617	342,344	2.65	1.82	25.00	41.47	7.40
1972.....	52,321	.17	37,453,729	15,235,251	715,845	424,657	291,188	363,378	2.62	1.82	25.00	40.68	7.29
1973.....	52,839	.16	35,315,355	14,309,145	668,355	397,549	270,805	360,554	2.34	1.64	25.00	40.52	6.29
1974.....	53,336	.17	35,008,510	14,522,486	656,383	384,097	272,286	353,277	2.42	1.68	25.00	41.48	6.34
1975.....	53,866	.18	33,274,942	13,673,818	617,733	363,885	253,848	335,217	2.45	1.71	25.00	41.09	6.41
1976.....	54,391	.17	34,884,024	15,169,369	641,359	362,463	278,896	343,909	2.40	1.62	25.00	43.49	6.51
1977.....	54,940	.17	36,691,579	16,239,501	667,848	372,262	295,586	357,387	2.44	1.63	25.00	44.26	6.49
1978.....	55,524	.16	37,797,237	16,681,300	680,740	380,305	300,435	367,744	2.39	1.62	25.00	44.13	6.12
1979.....	56,142	.17	43,751,703	19,849,394	779,308	425,749	353,559	382,938	2.79	1.85	25.00	45.37	7.21
1980.....	56,814	.17	42,332,563	18,834,261	745,111	413,602	331,509	372,441	2.84	1.94	25.00	44.49	6.80
1981.....	57,409	.18	42,065,351	17,650,794	732,728	425,272	307,456	361,598	2.87	2.06	25.00	41.96	6.30
1982.....	57,999	.18	50,461,156	19,229,005	870,035	538,495	331,540	392,446	3.50	2.64	25.00	38.11	7.46
1983.....	58,571	.18	56,290,192	21,484,272	961,059	594,252	366,807	417,143	3.83	2.85	25.00	38.17	8.67
1984.....	59,119	.18	64,771,552	25,325,059	1,095,608	667,236	428,372	450,635	4.12	3.01	25.00	39.10	9.62
1985.....	59,685	.17	69,587,589	26,309,078	1,165,909	725,112	440,797	503,520	4.21	3.15	25.00	37.81	9.51
1986.....	60,270	.17	93,576,839	37,592,917	1,552,640	928,893	623,747	603,519	5.23	3.79	25.00	40.17	12.03
Part II — Top 50 returns per 100,000 population													
1951.....	76,991	1.20	33,134,251	15,454,077	430,365	229,639	200,726	225,660	11.22	7.48	50.00	46.64	26.22
1952.....	78,197	1.04	30,593,985	14,447,594	391,245	206,485	184,760	212,722	9.42	6.24	50.00	47.22	21.93
1953.....	79,478	.90	29,093,826	13,330,288	366,061	198,338	167,723	201,107	7.96	5.34	50.00	45.82	19.04
1954.....	80,942	.91	31,815,192	13,392,908	393,062	227,599	165,463	213,238	8.44	5.91	50.00	42.10	20.44
1955.....	82,535	.77	35,323,914	14,687,091	427,990	250,039	177,951	223,431	7.81	5.50	50.00	41.58	19.11
1956.....	84,044	.69	35,761,406	14,950,362	425,508	247,621	177,887	229,930	6.96	4.87	50.00	41.81	17.31
1957.....	85,594	.67	34,441,105	14,278,690	402,380	235,560	166,820	222,372	6.55	4.60	50.00	41.46	16.33
1958.....	87,075	.70	33,691,896	13,572,092	386,932	231,064	155,868	213,839	6.55	4.69	50.00	40.28	15.94
1959.....	88,568	.61	37,226,995	14,962,276	420,323	251,387	168,936	231,096	6.14	4.40	50.00	40.19	14.95
1960.....	89,990	.60	35,858,759	14,129,861	398,477	241,460	157,017	213,814	5.75	4.15	50.00	39.40	14.06
1961.....	91,496	.57	39,491,294	15,664,395	431,618	260,415	171,203	221,005	5.85	4.21	50.00	39.67	14.27
1962.....	92,886	.53	37,695,095	14,669,765	405,821	247,888	157,933	220,543	5.13	3.73	50.00	38.92	12.50
1963.....	94,242	.50	38,862,570	15,120,427	412,372	251,929	160,443	223,707	4.88	3.55	50.00	38.91	11.88
1964.....	95,571	.46	43,002,026	15,982,387	449,951	282,719	167,231	238,297	4.85	3.57	50.00	37.17	12.42
1965.....	96,763	.43	48,004,577	17,811,803	496,105	312,028	184,077	253,663	4.92	3.60	50.00	37.10	13.10
1966.....	97,788	.40	49,228,443	18,385,003	503,420	315,411	188,009	260,912	4.60	3.36	50.00	37.35	12.10
1967.....	98,729	.39	53,894,893	20,448,475	545,890	338,772	207,118	277,284	4.74	3.45	50.00	37.94	12.27
1968.....	99,700	.36	58,739,288	23,891,982	589,163	349,523	239,640	289,123	4.77	3.37	50.00	40.67	12.08
1969.....	100,693	.35	55,851,293	22,889,415	554,672	327,352	227,320	273,854	4.35	3.07	50.00	40.98	10.78
1970.....	101,992	.36	47,080,087	18,063,603	461,606	284,498	177,108	253,754	3.74	2.72	50.00	38.37	9.34
1971.....	103,414	.36	49,623,472	19,169,710	479,855	294,485	185,370	257,576	3.81	2.75	50.00	38.63	9.92
1972.....	104,642	.34	53,682,891	20,703,220	513,015	315,167	197,848	272,211	3.76	2.71	50.00	38.57	9.91
1973.....	105,679	.32	51,658,078	20,028,006	488,823	299,305	189,518	272,778	3.43	2.47	50.00	38.77	8.81
1974.....	106,671	.34	51,136,168	20,444,724	479,382	287,721	191,662	266,342	3.54	2.52	50.00	39.98	8.93
1975.....	107,733	.36	48,767,888	19,364,876	452,676	272,926	179,750	253,761	3.58	2.56	50.00	39.71	9.08
1976.....	108,782	.34	50,859,656	21,210,465	467,540	272,557	194,982	258,684	3.50	2.43	50.00	41.70	9.10
1977.....	109,880	.34	53,349,897	22,439,936	485,529	281,307	204,222	265,365	3.54	2.46	50.00	42.06	8.97
1978.....	111,048	.33	55,184,156	22,993,082	496,942	289,886	207,056	274,053	3.49	2.46	50.00	41.67	8.44
1979.....	112,284	.33	61,805,356	26,436,230	550,440	314,998	235,442	278,180	3.94	2.73	50.00	42.77	9.61
1980.....	113,628	.35	60,082,565	25,570,323	528,768	303,731	225,036	270,006	4.03	2.85	50.00	42.56	9.23
1981.....	114,819	.36	59,483,295	24,231,113	518,064	307,025	211,038						

Individual Income Tax Shares, 1951-1986

Table 6.—Returns with Adjusted Gross Income \$25,000 or more in 1986 Dollars: Number of Returns, Income, and Federal Income Tax, Cumulated by Returns per 100,000 Population Groups, Tax Years 1951-1986—Continued

[All figures are estimates—money amounts are in 1986 dollars]

Tax year	Returns		Adjusted gross income (thousand dollars)	Federal income tax (thousand dollars)	Mean income		Average income tax (dollars)	Minimum income cutoff (dollars)	Income share		Returns per 100,000 population	Average income tax rate (percent)	Income tax share (percent)
	Number	Percent of total			Before tax (dollars)	After tax (dollars)			Before tax (percent)	After tax (percent)			
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)
Part III — Top 100 returns per 100,000 population													
1951.....	153,982	2.39	47,540,303	20,092,768	308,739	178,252	130,488	159,499	16.11	11.62	100.00	42.26	34.09
1952.....	156,393	2.09	44,509,767	19,138,424	284,602	162,228	122,374	152,762	13.71	9.81	100.00	43.00	29.05
1953.....	158,956	1.81	42,585,731	17,769,606	267,909	156,119	111,789	146,587	11.66	8.40	100.00	41.73	25.38
1954.....	161,884	1.82	46,187,824	17,653,865	285,314	176,262	109,053	152,025	12.25	9.16	100.00	38.22	26.94
1955.....	165,069	1.55	50,751,028	19,203,674	307,453	191,116	116,337	160,961	11.23	8.41	100.00	37.84	24.98
1956.....	168,088	1.38	52,034,962	19,646,372	309,570	192,688	116,881	167,288	10.13	7.58	100.00	37.76	22.74
1957.....	171,187	1.35	50,525,350	18,850,882	295,147	185,028	110,119	161,947	9.60	7.22	100.00	37.31	21.56
1958.....	174,149	1.41	49,387,086	17,935,734	283,591	180,600	102,991	155,442	9.61	7.33	100.00	36.32	21.07
1959.....	177,135	1.22	54,592,706	20,161,386	308,198	194,379	113,819	169,482	9.00	6.80	100.00	36.93	20.15
1960.....	179,979	1.20	52,211,132	18,645,322	290,096	186,498	103,597	158,352	8.37	6.42	100.00	35.71	18.55
1961.....	182,992	1.13	56,637,490	20,587,097	309,508	197,005	112,503	163,518	8.39	6.38	100.00	36.35	18.75
1962.....	185,772	1.06	55,196,361	19,689,438	297,119	191,132	105,987	164,958	7.52	5.75	100.00	35.67	16.78
1963.....	188,483	.99	56,915,682	20,454,149	301,967	193,447	108,520	168,025	7.14	5.45	100.00	35.94	16.07
1964.....	191,141	.92	62,478,627	21,595,365	326,872	213,891	112,981	178,608	7.05	5.39	100.00	34.56	16.79
1965.....	193,526	.86	68,920,533	24,077,170	356,131	231,718	124,413	189,118	7.07	5.34	100.00	34.93	17.71
1966.....	195,576	.79	70,976,828	25,146,072	362,912	234,337	128,574	194,762	6.63	4.99	100.00	35.43	16.55
1967.....	197,457	.77	77,119,908	27,789,987	390,566	249,826	140,739	205,272	6.79	5.09	100.00	36.03	16.67
1968.....	199,399	.73	83,076,077	31,964,733	416,632	256,327	160,305	212,159	6.75	4.95	100.00	38.48	16.16
1969.....	201,385	.70	79,277,612	30,699,644	393,662	241,219	152,443	203,559	6.17	4.53	100.00	38.72	14.46
1970.....	203,984	.72	69,325,177	24,934,418	339,856	217,619	122,237	192,292	5.50	4.16	100.00	35.97	12.89
1971.....	206,827	.71	72,544,462	25,910,203	350,749	225,475	125,275	195,307	5.57	4.20	100.00	35.72	13.41
1972.....	209,284	.67	78,130,021	27,652,253	373,321	241,193	132,128	205,507	5.47	4.14	100.00	35.39	13.23
1973.....	211,357	.65	76,471,484	27,074,765	361,812	233,712	128,100	207,365	5.08	3.86	100.00	35.41	11.91
1974.....	213,342	.67	75,516,789	27,734,098	353,971	223,972	129,998	201,347	5.22	3.93	100.00	36.73	12.12
1975.....	215,465	.71	72,250,864	26,527,796	335,325	212,206	123,119	192,017	5.31	3.99	100.00	36.72	12.44
1976.....	217,563	.68	75,039,026	29,302,754	344,907	210,221	134,686	195,908	5.17	3.75	100.00	39.05	12.57
1977.....	219,760	.67	78,289,375	31,305,983	356,249	213,794	142,455	199,545	5.20	3.74	100.00	39.99	12.51
1978.....	222,095	.65	81,128,187	32,442,973	365,286	219,209	146,077	204,580	5.14	3.73	100.00	39.99	11.90
1979.....	224,567	.66	88,168,176	35,555,021	392,614	234,287	158,327	204,384	5.62	4.06	100.00	40.33	12.92
1980.....	227,255	.70	86,059,138	34,542,428	378,690	226,691	151,999	198,764	5.78	4.25	100.00	40.14	12.47
1981.....	229,637	.71	84,756,716	32,645,919	369,090	226,927	142,163	190,110	5.78	4.40	100.00	38.52	11.65
1982.....	231,996	.73	95,575,913	34,225,401	411,972	264,446	147,526	194,779	6.63	5.19	100.00	35.81	13.28
1983.....	234,284	.73	104,033,820	37,046,670	444,050	285,923	158,127	202,599	7.08	5.49	100.00	35.61	14.95
1984.....	236,477	.70	116,601,384	42,246,726	493,077	314,427	178,650	214,475	7.41	5.68	100.00	36.23	16.04
1985.....	238,741	.69	126,790,851	45,117,175	531,081	342,102	188,980	229,508	7.67	5.94	100.00	35.58	16.31
1986.....	241,078	.67	159,267,850	60,388,752	660,649	410,154	250,495	253,902	8.91	6.70	100.00	37.92	19.33
Part IV — Top 150 returns per 100,000 population													
1951.....	230,973	3.59	58,522,859	23,157,624	253,375	153,114	100,261	128,693	19.83	14.97	150.00	39.57	39.29
1952.....	234,590	3.13	55,241,592	22,342,152	235,482	140,243	95,239	124,356	17.02	12.72	150.00	40.44	33.92
1953.....	238,434	2.71	53,084,666	20,796,322	222,639	135,418	87,220	120,021	14.53	10.93	150.00	39.18	29.70
1954.....	242,826	2.73	57,267,680	20,548,676	235,838	151,215	84,623	124,470	15.19	11.79	150.00	35.88	31.36
1955.....	247,604	2.32	62,757,921	22,441,509	253,461	162,827	90,635	132,825	13.88	10.75	150.00	35.76	29.20
1956.....	252,132	2.06	64,722,123	23,000,505	256,699	165,475	91,224	137,332	12.60	9.76	150.00	35.54	26.63
1957.....	256,781	2.02	63,019,929	22,104,764	245,423	159,339	86,084	133,178	11.98	9.33	150.00	35.08	25.28
1958.....	261,224	2.11	61,605,425	21,087,249	235,834	155,109	80,725	128,098	11.98	9.45	150.00	34.23	24.77
1959.....	265,703	1.83	68,104,879	23,675,545	256,320	167,215	89,105	138,595	11.23	8.77	150.00	34.76	23.66
1960.....	269,969	1.79	65,156,650	21,913,200	241,349	160,180	81,169	131,787	10.45	8.27	150.00	33.63	21.80
1961.....	274,488	1.70	70,259,469	24,059,176	255,966	168,314	87,651	136,617	10.41	8.17	150.00	34.24	21.92
1962.....	278,658	1.59	69,163,510	23,198,852	248,202	164,950	83,252	138,087	9.42	7.45	150.00	33.54	19.77
1963.....	282,725	1.49	71,371,200	24,104,851	252,441	167,182	85,259	141,040	8.96	7.06	150.00	33.77	18.94
1964.....	286,712	1.37	78,064,965	24,900,894	272,277	185,427	86,850	149,924	8.81	7.01	150.00	31.90	19.36
1965.....	290,289	1.29	85,587,939	27,620,608	294,837	199,688	95,149	158,127	8.78	6.91	150.00	32.27	20.32
1966.....	293,364	1.19	88,341,098	29,286,256	301,131	201,302	99,829	163,028	8.25	6.42	150.00	33.15	19.27
1967.....	296,185	1.16	95,573,664	32,942,098	322,682	211,461	111,221	171,740	8.41	6.46	150.00	34.47	19.76
1968.....	299,099	1.09	102,290,374	37,927,202	341,996	215,191	126,805	176,753	8.31	6.23	150.00	37.08	19.17
1969.....	302,078	1.05	97,978,802	36,589,381	324,350	203,224	121,126	171,108	7.62	5.72	150.00	37.34	17.23
1970.....	305,976	1.08	87,292,296	30,196,781	285,291	186,601	98,690	162,809	6.93	5.35	150.00	34.59	15.61
1971.....	310,241	1.07	91,040,730	31,229,095	293,452	192,791	100,661	165,182	6.99	5.39	150.00	34.30	16.16
1972.....	313,926	1.01	97,801,663	33,274,797	311,544	205,548	105,996	173,249	6.85	5.29	150.00	34.02	15.92
1973.....	317,036	.97	96,581,549	32,785,081	304,640	201,228	103,411	175,760	6.41	4.99	150.00	33.95	14.42
1974.....	320,013	1.01	95,220,074	33,337,332	297,551	193,376	104,175	170,449	6.59	5.09	150.00	35.01	14.56
1975.....	323,198	1.07	91,247,114	31,814,276	282,326	183,890	98,436	162,734	6.71	5.18	150.00	34.87	14.92
1976.....	326,345	1.03	94,583,299	34,737,780	289,827	183,381	106,445	165,994	6.52	4.91	150.00	36.73	14.91
1977.....	329,640	1.01	98,358,808	37,043,138	298,383	186,008	112,375	168,517	6.53	4.88	150.00	37.66	14.80
1978.....	333,143	.98	101,889,150	38,992,909	305,843	188,797	117,046	172,410	6.45	4.81	150.00	38.27	14.31
1979.....	336,851	.99	109,083,525	42,473,398	323,834	197,744	126,090	171,478	6.95	5.14	150.00	38.94	15.44
1980.....	340,883	1.04	106,601,979	41,490,763	312,724	191,008	121,						

Individual Income Tax Shares, 1951-1986

Table 6.—Returns with Adjusted Gross Income \$25,000 or more in 1986 Dollars: Number of Returns, Income, and Federal Income Tax, Cumulated by Returns per 100,000 Population Groups, Tax Years 1951-1986—Continued

[All figures are estimates—money amounts are in 1986 dollars]

Tax year	Returns		Adjusted gross income (thousand dollars)	Federal income tax (thousand dollars)	Mean income		Average income tax (dollars)	Minimum income cutoff (dollars)	Income share		Returns per 100,000 population	Average income tax rate (percent)	Income tax share (percent)
	Number	Percent of total			Before tax (dollars)	After tax (dollars)			Before tax (percent)	After tax (percent)			
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)
Part V — Top 200 returns per 100,000 population													
1951.....	307,964	4.78	67,654,184	25,456,146	219,682	137,023	82,659	109,913	22.92	17.86	200.00	37.63	43.19
1952.....	312,786	4.17	64,209,179	24,735,407	205,281	126,201	79,081	106,235	19.78	15.26	200.00	38.52	37.55
1953.....	317,912	3.62	61,920,120	23,090,239	194,771	122,140	72,631	103,434	16.95	13.15	200.00	37.29	32.97
1954.....	323,768	3.64	66,599,466	22,717,796	205,701	135,534	70,167	107,275	17.66	14.09	200.00	34.11	34.67
1955.....	330,138	3.09	72,935,914	24,992,531	220,926	145,222	75,703	114,783	16.13	12.78	200.00	34.27	32.52
1956.....	336,176	2.75	75,428,620	25,728,405	224,372	147,840	76,533	118,675	14.68	11.63	200.00	34.11	29.79
1957.....	342,374	2.70	73,616,062	24,765,328	215,017	142,682	72,334	115,775	13.99	11.14	200.00	33.64	28.32
1958.....	348,298	2.81	71,983,570	23,667,514	206,672	138,720	67,952	111,519	14.00	11.26	200.00	32.88	27.80
1959.....	354,270	2.44	79,487,456	26,533,135	224,370	149,474	74,895	119,751	13.11	10.46	200.00	33.38	26.52
1960.....	359,958	2.39	76,220,946	24,620,599	211,750	143,351	68,399	115,210	12.22	9.86	200.00	32.30	24.50
1961.....	365,984	2.27	81,933,722	26,953,200	223,872	150,227	73,646	119,634	12.14	9.73	200.00	32.90	24.55
1962.....	371,544	2.12	81,153,747	26,131,090	218,423	148,092	70,331	121,097	11.05	8.92	200.00	32.20	22.27
1963.....	376,966	1.99	83,810,627	27,169,378	222,329	150,256	72,074	123,918	10.52	8.46	200.00	32.42	21.35
1964.....	382,282	1.83	91,524,826	27,744,942	239,417	166,840	72,577	131,654	10.32	8.42	200.00	30.31	21.57
1965.....	387,052	1.71	99,947,817	30,488,729	258,228	179,457	78,772	138,895	10.25	8.28	200.00	30.50	22.43
1966.....	391,152	1.59	103,272,492	32,270,116	264,021	181,521	82,500	143,117	9.64	7.72	200.00	31.25	21.24
1967.....	394,914	1.54	111,410,852	36,188,889	282,114	190,477	91,637	150,255	9.80	7.76	200.00	32.48	21.71
1968.....	398,798	1.46	118,745,919	42,303,151	297,760	191,683	106,077	154,805	9.64	7.40	200.00	35.62	21.39
1969.....	402,770	1.40	114,119,071	40,997,372	283,336	181,547	101,789	150,806	8.88	6.82	200.00	35.93	19.31
1970.....	407,968	1.43	102,888,260	34,176,007	252,197	168,426	83,771	144,224	8.17	6.44	200.00	33.22	17.66
1971.....	413,654	1.43	107,081,126	35,393,152	258,866	173,304	85,562	146,276	8.22	6.46	200.00	33.05	18.32
1972.....	418,568	1.34	114,808,556	37,893,153	274,289	183,758	90,530	153,066	8.04	6.31	200.00	33.01	18.13
1973.....	422,714	1.30	114,040,780	37,652,966	269,782	180,708	89,074	155,778	7.57	5.97	200.00	33.02	16.56
1974.....	426,684	1.34	112,305,621	38,202,598	263,206	173,672	89,534	150,799	7.77	6.09	200.00	34.02	16.69
1975.....	430,930	1.43	107,736,746	36,448,642	250,010	165,429	84,581	143,924	7.92	6.21	200.00	33.83	17.09
1976.....	435,126	1.37	111,587,109	39,540,947	256,448	165,575	90,872	147,035	7.69	5.91	200.00	35.44	16.97
1977.....	439,520	1.34	115,784,923	41,899,143	263,435	168,106	95,329	149,287	7.69	5.88	200.00	36.19	16.74
1978.....	444,190	1.30	119,858,606	43,852,827	269,836	171,111	98,725	152,489	7.59	5.82	200.00	36.59	16.09
1979.....	449,134	1.32	127,134,349	48,107,050	283,066	175,955	107,111	151,420	8.10	6.10	200.00	37.84	17.48
1980.....	454,510	1.39	124,239,227	47,189,999	273,348	169,522	103,826	145,947	8.34	6.35	200.00	37.98	17.04
1981.....	459,274	1.42	121,673,194	44,543,336	264,925	167,939	96,986	140,178	8.30	6.51	200.00	36.61	15.89
1982.....	463,992	1.45	133,346,407	45,477,341	287,389	189,376	98,013	140,314	9.25	7.43	200.00	34.10	17.64
1983.....	468,568	1.46	143,452,281	47,968,924	306,150	203,777	102,373	143,389	9.77	7.82	200.00	33.44	19.36
1984.....	472,954	1.40	158,264,469	53,526,896	334,630	221,454	113,176	149,689	10.06	8.00	200.00	33.82	20.33
1985.....	477,482	1.38	171,400,836	57,017,379	358,968	239,556	119,413	157,525	10.37	8.31	200.00	33.27	20.61
1986.....	482,156	1.34	209,156,386	74,571,875	433,794	279,131	154,663	174,315	11.70	9.12	200.00	35.65	23.87

See notes at end of tables.

NOTES TO TABLES

Detail may not add to totals due to rounding. Column numbers in the notes below generally refer to Tables 2 through 6.

Number of returns.—Table 1 includes all returns with positive adjusted gross income. Tables 2 through 6 include only returns with income of \$25,000 or more in 1986 dollars.

Percent of total (returns).—The number of returns in the group (column 1) divided by the number of returns with income of \$25,000 or more in 1986 dollars, multiplied by 100.

Income.—Adjusted gross income (AGI), which is gross income less certain deductions. Deductions allowed in the computation of AGI generally include expenses incurred in the generation of income, such as expenses related to employment or business losses.

Federal income tax.—Federal income tax liability less tax credits. Tax includes the normal tax and surtax (called regular tax beginning in 1971), the optional tax paid in lieu of surtax and normal tax, the alternative tax on capital gains income, the surcharge in effect for 1968 through 1972 and the alternative minimum tax effective in 1970 and thereafter. It does not include self-employment taxes, social security taxes, taxes from recomputing prior-year investment or work incentive credits, or State and local assessments.

1986 dollars.—All money amounts on Tables 2 through 6 are expressed in 1986 dollars. The conversion factors used were derived from the Consumer Price Index with 1967 weights, which was developed by the U.S. Department of Labor, Bureau of Labor Statistics.

Mean income (before or after tax).—The aggregate income (before or after Federal income tax) of the group divided by the number of returns in the group.

Average income tax.—The aggregate Federal income tax of the group divided by the number of returns in the group.

Minimum income cutoff.—The minimum amount of income (in 1986 dollars) required for a return to be included in the group (as defined at the top of each table). All groups are cumulated from the top.

Income share (before or after tax).—The aggregate income (before or after Federal income tax) of the group divided by the aggregate income (before or after Federal income tax) of all returns with income of \$25,000 or more in 1986 dollars.

Returns per 100,000 population.—The number of returns in the group (column 1) divided by the U.S. resident population, multiplied by 100,000. This number divided by 1,000 equals the number of returns in the group as a percentage of the U.S. resident population. For example, "200 returns per 100,000 population," as shown on Table 6, Part V, refers to the number of returns equal to 0.2 percent of the population. For population figures see U.S. Bureau of the Census, *Current Population Reports*, series P-25.

Average income tax rate.—The aggregate Federal income tax of the group divided by the aggregate income of the group.

Income tax share.—The aggregate Federal income tax of the group divided by the aggregate Federal income tax of all returns with income of \$25,000 or more in 1986 dollars.

Foreign Investment and Activity in the United States Through Corporations, 1984 and 1985

By James R. Hobbs*

For 1985, the 36,700 domestic corporations each "controlled" by a foreign person generated \$514 billion of worldwide receipts and reported total assets amounting to \$656 billion [1]. These corporations, 1 percent of the U.S. total, accounted for 5 and 6 percent of the assets and receipts, respectively, reported on U.S. corporation income tax returns for both 1984 and 1985 (see Figure A).

Figure A.—Domestic Corporations Controlled by a Foreign Person as a Percentage of All Corporations, Income Years 1983–1985

[All figures are estimates based on samples—money amounts are in thousands of dollars]

Year and Item	All corporation income tax returns	Returns of domestic corporations controlled by a foreign person	
		Number or amount	Percentage of all returns
	(1)	(2)	(3)
1983			
Number of returns	2,999,071	33,622	1.12%
Total assets.....	\$10,201,084,144	\$530,334,499	5.20
Total receipts.....	7,135,494,059	389,908,798	5.46
1984			
Number of returns	3,170,743	37,401	1.18
Total assets.....	\$11,106,701,948	\$552,597,884	4.98
Total receipts.....	7,800,711,226	459,161,616	5.89
1985			
Number of returns	3,277,219	36,677	1.12
Total assets.....	\$12,773,093,888	\$655,695,711	5.13
Total receipts.....	8,398,278,426	513,777,962	6.12

Nearly 11,700 "foreign" corporations (i.e., those incorporated abroad) reported \$51 billion of receipts generated for 1985 from activities "effectively connected" with a U.S. trade or business. The majority, 52 percent, of these receipts were for foreign banks with U.S. branch operations. For 1984, banking operations accounted for 61 percent of the nearly \$44 billion of receipts of foreign corporations from U.S. effectively-connected activities.

DIRECT FOREIGN INVESTMENT AND ACTIVITY IN THE UNITED STATES

Foreign direct investment in the United States can take several forms, including corporations, partnerships, and joint ventures. Under these forms of direct investment, the foreign investor has sufficient equity in the enterprise so as to control and participate in managing its operations [2].

A foreign direct investor can either gain control of an existing U.S. corporation, or create a new company incorporated in the United States. Another method of operating

in the United States is through a branch operation of a foreign corporation. This article focuses first on domestic corporations (i.e., companies incorporated in the United States) that are controlled (i.e., owned) by a foreign person, and second, on foreign corporations with branch operations in the United States [3].

There are several factors involved in the decision of a foreign investor to operate in the United States through either a "domestic" or "foreign" corporation [4]. These factors include, but are not necessarily limited to, the following: (1) the investor's short- and long-term objectives; (2) which type of corporation is best suited to penetrate the U.S. market; (3) availability of financial resources; (4) acceptable levels of risk, such as from product liability; (5) U.S. importation policies; (6) requirements on foreign investment by the investor's home country; and (7) both U.S. and home country tax considerations. The U.S. tax structure for both foreign-controlled domestic corporations and for foreign corporations operating in the United States are discussed in this article.

DOMESTIC CORPORATIONS CONTROLLED BY FOREIGN PERSONS

U.S. Taxation

Domestic corporations that are controlled by a foreign person are taxed by the United States in a manner similar to that of other domestic corporations. Control is defined for this purpose as 50 percent or more direct or indirect ownership of a corporation's voting stock by at least one foreign entity, such as by another corporation.

For 1985, only 8 percent (3,050 returns) of the 36,677 returns of foreign-controlled domestic corporations indicated an exact 50 percent foreign ownership level. The great majority (nearly 88 percent, or 32,152 returns) indicated that the level of ownership was over 50 percent. Another 1,475 returns (4 percent) only indicated that foreign ownership was 50 percent or more, but failed to provide the exact percentage of ownership [5].

Most domestic corporations are taxed on their worldwide income [6]. This includes corporations that are controlled by foreign persons. In general, the taxable income of a corporation is its gross receipts less ordinary and necessary business deductions and certain statutory special deductions [7].

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Foreign Corporate Activity in the U.S., 1984 and 1985

Unfortunately, the tax return form which is the source of the statistics in this article does not separate U.S.-source taxable income from foreign-source taxable income. (See the section entitled "Data Sources and Limitations.") However, foreign-controlled domestic corporations claimed \$725 million of foreign tax credits for 1985. This amount reduced their total U.S. income tax before credits (\$5.2 billion) by 14 percent. The foreign tax credit is a credit allowed against U.S. income tax for income, war profits and excess profits taxes paid or accrued to foreign countries or U.S. possessions [8]. To claim a foreign tax credit, a corporation had to have generated foreign-source taxable income, paid or accrued foreign income tax on the foreign income, and had a U.S. income tax liability. By comparison, all of the approximately 3.3 million U.S. corporation income tax returns showed a total of \$24.3 billion of foreign tax credits for 1985. This amount reduced their total U.S. income tax before credits (\$111.3 billion) by almost 22 percent (see Table 1).

For taxable years beginning in 1984, the regular corporate tax rates were as follows:

Taxable income	Tax rate
\$25,000 or less	15 percent
\$25,001 to \$50,000	18 percent
\$50,001 to \$75,000	30 percent
\$75,001 to \$100,000	40 percent
Over \$100,000	46 percent

If a corporation's taxable income exceeded \$1 million, then the corporation was liable for an additional tax equal to the lesser of (a) 5 percent of the taxable income over \$1 million, or (b) \$20,250.

Corporations that had net long-term capital gains could use an alternative method of tax computation, if it produced a lower amount of tax than under the regular method. Under the alternative method, net long-term capital gains were taxed separately at a rate of 28 percent. The remainder of taxable income was then taxed at the regular rates.

Credits could be used to reduce the tax calculated under either the regular or alternative methods. For both 1984 and 1985, the two largest credits were the foreign tax credit (previously described) and the general business credit. Beginning in 1984, the Tax Reform Act of 1984 created the general business credit by merging together four tax credits that were previously available to taxpayers. They were the investment credit, targeted jobs credit, alcohol fuel credit, and the employee stock ownership plan credit. Other credits claimed by taxpayers for both 1984 and 1985 were the U.S. possessions tax, nonconventional source fuel, and research activities credits. In addition to the regular or alternative tax after credits, a corporation's tax liability could

include a tax from recomputing prior-year investment credits and an additional tax for tax preferences. (Tables 1, 2, and 4 show selected tax items.)

Dividends paid by domestic corporations to the foreign persons that controlled them were generally subject to a withholding tax of 30 percent. However, this tax rate was often lower than 30 percent for recipients of dividends that resided in a foreign country that had a tax treaty with the United States. The tax withheld represented final payment of the actual tax liability on dividend payments in most instances. The responsibility for withholding the tax belonged to the payer (corporation) or its representative (usually a financial institution), rather than the foreign recipient of the dividend [9].

Dividends paid by foreign-controlled domestic corporations to U.S. persons were not subject to the withholding tax applicable to foreign recipients. However, these dividend payments did have to be reported to the Internal Revenue Service by the corporations. In turn, these dividends were reported as income, and taxed accordingly, on the recipient's U.S. income tax return.

Growth Since 1983

Foreign involvement in the U.S. corporate sector through foreign-controlled domestic corporations continued to grow substantially during the 1983-1985 period (see Figure A).

Worldwide receipts of domestic corporations controlled by foreign persons increased from \$390 billion for 1983 to \$514 billion for 1985. This was a 32 percent increase, using current dollars. In comparison, receipts reported on all U.S. corporation income tax returns grew from \$7.1 trillion for 1983 to \$8.4 trillion for 1985, an 18 percent increase over the same time period. As a result of the growth rate of foreign-controlled domestic corporations, their share of receipts shown on all corporate returns increased from 5.46 percent for 1983, to 5.89 and 6.12 percents, for 1984 and 1985, respectively.

By making allowances for inflation through the use of the Gross National Product Implicit Price Deflator, the worldwide receipts, in constant dollars, reported on all U.S. corporation income tax returns increased by 9 percent between 1983 and 1985 [10]. Over the same period, the constant-dollar receipts of foreign-controlled domestic corporations increased by 22 percent.

Total assets of domestic corporations controlled by a foreign person grew at a rate similar to that of assets reported on all U.S. corporation income tax returns. Between 1983 and 1985, assets reported increased from \$530 billion, or 5.20 percent of the total for all returns, to \$656 billion, or 5.13 percent of the total.

Industry Characteristics

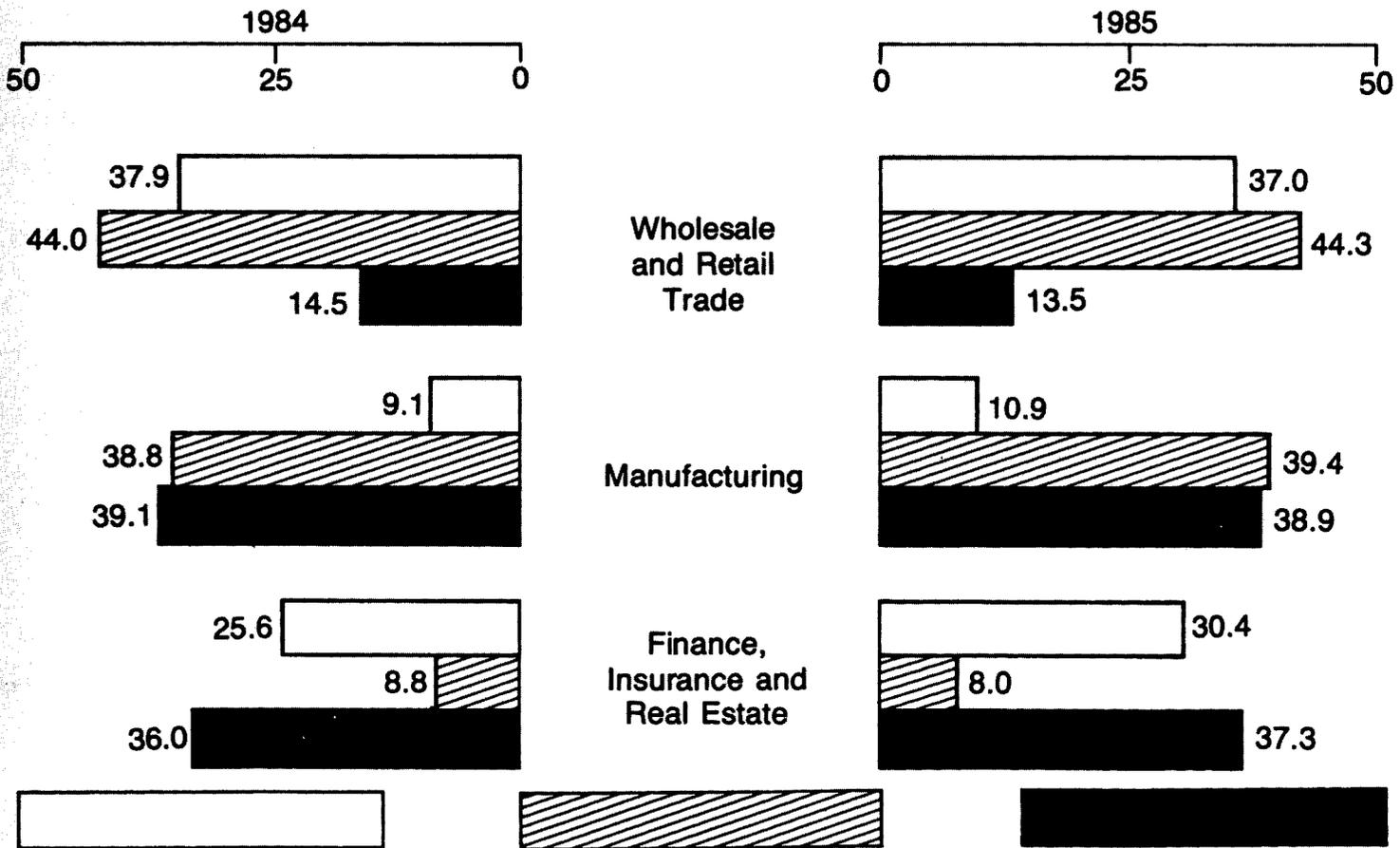
Foreign-controlled domestic corporations were involved in every type of industrial activity, but were concentrated mainly in three industrial divisions: wholesale and retail trade; manufacturing; and finance, insurance and real estate (see Figure B and Table 4). For both 1984 and 1985, these three divisions accounted for approximately three-fourths of the returns filed, 92 percent of the total receipts, and 90 percent of the total assets reported by all domestic corporations owned by a foreign person. By comparison, these percentages were higher than those for all companies which filed U.S. corporation income tax returns. For

this group of returns for 1985, the manufacturing; wholesale and retail trade; and finance, insurance, and real estate Industrial divisions accounted for 52 percent of the returns filed, 77 percent of the total receipts, and 84 percent of the total assets.

Figure B shows that companies whose principal activity was in one of the three industrial divisions had different characteristics. There were relatively few returns of manufacturing companies (4,011 returns, or 10.9 percent of the total for 1985). However, these companies tended to have large amounts of assets which generated large amounts of receipts. The foreign-owned manufacturers had \$255 bil-

Figure B
Domestic Corporations Controlled by a Foreign Person, by Selected Industrial Divisions, Income Years 1984 and 1985

[Percentage of All Industries]



Number of Returns

Total Receipts

Total Assets

1984 Total: 37,401

1985 Total: 36,677

1984 Total: \$459.2 billion

1985 Total: \$513.8 billion

1984 Total: \$552.6 billion

1985 Total: \$655.7 billion

Foreign Corporate Activity in the U.S., 1984 and 1985

lion of assets and \$202 billion in total receipts for 1985. On the average, each manufacturer had \$64 million of assets and produced \$50 million of receipts. By comparison, the average foreign-owned nonmanufacturing company had \$12 million and \$10 million of total assets and receipts, respectively [11].

Domestic corporations controlled by a foreign person were involved in the manufacture of many different products. Companies manufacturing petroleum and coal products (including integrated operations) had receipts totalling \$52 billion for 1985. This was 25 percent of all receipts for manufacturing industries. Chemical manufacturers accounted for another \$31 billion of total receipts. In terms of total receipts, other significant manufacturing activities were food and kindred products (\$19 billion), electrical and electronic equipment (\$15 billion), primary metals (\$12 billion), and fabricated metal products (\$10 billion).

Foreign-controlled domestic manufacturing corporations accounted for 7.2 percent of the \$2.8 trillion of worldwide receipts reported by all manufacturing corporations filing U.S. income tax returns for 1985. These companies played substantial roles in certain manufacturing industries, as shown in Figure C. In particular, foreign-controlled domestic corporations manufacturing tobacco products accounted for nearly 23 percent of the receipts of all companies classified in their industry.

The comparative levels of assets and receipts of foreign-owned companies engaged in wholesale and retail trade and those engaged in finance, insurance and real estate differed significantly. Trade companies produced large amounts of receipts (\$227 billion for 1985) with relatively few assets (\$88 billion). Stated another way, this amounted to \$2.58 of receipts for each dollar of assets. On the other hand, companies involved in finance, insurance and real estate had large amounts of assets (\$244 billion for 1985), but only \$41 billion of receipts. These companies produced less than \$0.17 of receipts for each dollar of assets.

Figure C. — Domestic Corporations Controlled by a Foreign Person as a Percentage of All Corporations, for Selected Manufacturing Industries, Income Year 1985

[All figures are estimates based on samples—money amounts are in millions of dollars]

Industry	Total receipts		
	All corporation income tax returns	Returns of domestic corporations controlled by a foreign person	Percentage of all returns
	(1)	(2)	(3)
Manufacturing, total.....	\$2,831,062	\$202,466	7.2%
Tobacco manufactures.....	41,353	9,409	22.8
Stone, clay, and glass products..	64,318	8,626	13.4
Chemicals and allied products..	266,812	30,959	11.6
Leather and leather products.....	14,679	1,626	11.1
Petroleum (including integrated) and coal products.....	469,260	51,629	11.0
Primary metal industries.....	117,347	12,388	10.6

The great majority of trade companies were wholesalers. Many of these companies were U.S. distributors of products made in foreign countries by their parent corporations. For 1985, wholesalers accounted for \$197 billion, or 87 percent, of all receipts by trade companies.

Banks accounted for over 52 percent (\$127 billion for 1985) of the total assets in the finance, insurance and real estate industrial division. These assets produced over \$12 billion of receipts, primarily interest. This 10:1 ratio of assets to receipts was similar to that for all U.S. (i.e., domestically-incorporated) banks.

Other significant areas (in terms of receipts) of the finance, insurance and real estate industrial division were nonbank holding and other investment companies, insurance companies, and real estate companies [12]. For 1985, these companies had total receipts of \$10.5, \$8.1, and \$5.0 billion, respectively.

The services industry (not shown in Figure B) accounted for over 4,000 returns filed for 1985 by foreign-owned domestic corporations. While this industry represented over 11 percent of all returns filed by these corporations, it comprised only about 2 percent of both total assets and receipts for the group.

Country Characteristics

Domestic corporations are owned by persons throughout the world. However, for 1985, owners from the eight countries shown in Figure D controlled nearly 53 percent of the 36,677 domestic corporations controlled by a foreign person. (The countries are ranked by decreasing number of returns. They represent the geographic location of the foreign owner's country of residence, incorporation, organization, creation, or administration.) The 19,352 corporations owned by persons from these eight countries accounted for 82 and 86 percent, respectively, of the total assets and receipts of all foreign-controlled domestic corporations.

As previously stated, the worldwide receipts of domestic corporations controlled by a foreign person increased by nearly 32 percent between 1983 and 1985. For the corporations shown in Figure D, the growth rates varied widely. Corporations owned by persons from Switzerland and Japan showed increases in total receipts of 88 and 52 percent, respectively. Percentage increases for Canada (37 percent), West Germany (34 percent), Netherlands Antilles (29 percent), and the United Kingdom (27 percent) approximated the 32-percent average for all countries. Corporations owned by persons from the Netherlands (18 percent) and France (16 percent) had smaller-than-average increases in receipts for the 1983-1985 period.

Figure D.—Domestic Corporations Controlled by a Foreign Person, by Selected Country of Foreign Owner, Income Year 1985

[All figures are estimates based on samples—money amounts are in thousands of dollars]

Country	Number of returns	Total assets	Total receipts	Net income (less deficit)	Net income	Total U.S. income tax after credits
	(1)	(2)	(3)	(4)	(5)	(6)
All countries, total.....	36,677	\$655,695,711	\$513,777,962	\$2,978,286	\$14,500,125	\$3,576,147
Canada:						
Number or amount.....	6,151	67,531,601	40,458,451	-197,296	1,271,083	200,553
Percentage of total.....	16.8%	10.3%	7.9%	(¹)	8.8%	5.6%
United Kingdom:						
Number or amount.....	2,841	174,635,073	83,340,020	1,817,698	3,387,943	904,405
Percentage of total.....	7.7%	26.6%	16.2%	(¹)	23.4%	25.3%
Japan:						
Number or amount.....	2,560	81,084,768	133,489,744	1,327,992	2,759,120	1,117,328
Percentage of total.....	7.0%	12.4%	26.0%	(¹)	19.0%	31.2%
West Germany:						
Number or amount.....	2,214	35,046,699	42,945,267	536,697	1,424,595	449,478
Percentage of total.....	6.0%	5.3%	8.4%	(¹)	9.8%	12.6%
Netherlands:						
Number or amount.....	1,747	104,147,817	70,471,893	138,331	1,573,586	205,353
Percentage of total.....	4.8%	15.9%	13.7%	(¹)	10.9%	5.7%
France:						
Number or amount.....	1,683	27,610,365	25,673,312	-126,433	505,017	132,700
Percentage of total.....	4.6%	4.2%	5.0%	(¹)	3.5%	3.7%
Switzerland:						
Number or amount.....	1,423	23,328,906	24,169,417	192,447	672,383	199,942
Percentage of total.....	3.9%	3.6%	4.7%	(¹)	4.6%	5.6%
Netherlands Antilles:						
Number or amount.....	733	22,698,123	20,767,891	-535,965	411,261	52,841
Percentage of total.....	2.0%	3.5%	4.0%	(¹)	2.8%	1.5%

¹ Not computed.

Domestic corporations controlled by persons from Japan had worldwide receipts of \$133.5 billion for 1985. This amount was far larger than the receipts representing any other country. Japan also had the largest amount of receipts for 1983 and 1984 (see Table 2). Wholesale trade was the predominant activity of Japanese-controlled domestic corporations. This industry group accounted for \$115.7 billion, or 87 percent, of the 1985 receipts of all U.S. corporations with Japanese owners.

Domestic corporations controlled by persons from the United Kingdom had 1985 total receipts of \$83.3 billion. Manufacturing industries were the most common business activities of these corporations, accounting for 58 percent of the total receipts. The finance, insurance, and real estate; wholesale trade; and transportation and public utility industries accounted for an additional 16, 9, and 7 percents, respectively.

Companies owned by persons from the Netherlands had worldwide receipts of \$70.5 billion for 1985. To an even greater extent than those from the United Kingdom, manufacturing industries were the predominant activity of these U.S. corporations, accounting for 74 percent of the receipts of all companies with owners from the Netherlands.

Manufacturing was also the most common business activity of U.S. corporations owned by persons from Canada and Switzerland. This industrial division accounted for 49 and 67 percent, respectively, of the total receipts for these countries.

Manufacturing and wholesaling were equally important for U.S. companies owned by persons from West Germany, France and the Netherlands Antilles. For 1985, these two activities comprised 39 and 34 percent, respectively, of the total receipts of West German-controlled domestic corporations. Corresponding percentages for France were 34 and 41, respectively. Finally, for the Netherlands Antilles, the manufacturing and wholesaling industries accounted for 33 and 30 percent, respectively, of the total receipts of these U.S. companies.

Income Statement and Tax Items

The 36,677 domestic corporations controlled by a foreign person generated \$514 billion of total receipts for 1985. Over 92 percent of this total was "business receipts" (i.e., receipts from sales and operations). Interest income of \$22.7 billion accounted for an additional 4 percent of the total. Banks produced the largest part (\$10.5 billion) of the interest receipts. (Briefly, banking items such as fees, commissions, trust department earnings, exchange collections, discounts, and service charges were included in business receipts. Interest, the principal operating income of banks, was shown separately from business receipts.)

These same domestic companies claimed \$511 billion in deductions for 1985. Cost of sales and operations were \$358 billion, or 70 percent of the total. Interest paid (\$28 billion, including \$7.3 billion paid to depositors by banks) and depreciation (\$16 billion) accounted for 5 and 3 percent, respectively, of the total deductions.

The net income (less deficit) for these companies was \$3 billion for 1985 [13]. This was the result of 15,882 corporations reporting \$14.5 billion of profits (as computed under the Internal Revenue Code) and 20,795 companies reporting \$11.5 billion of deficits [14]. Thus, only 43 percent of the domestic corporations with foreign owners reported profits for 1985. By comparison, 56 percent of all corporations filing U.S. income tax returns for 1985 reported profits which totalled \$363.9 billion. The deficits for all corporations were \$123.7 billion, resulting in a net income (less deficit) amount of \$240.1 billion.

It is instructive to compare the rate of return on assets for all corporations filing U.S. tax returns to that for foreign-controlled corporations. For this purpose, rate of return on assets is defined as net income (less deficit) as a percentage of total assets. As shown in Figure E, foreign-controlled domestic corporations had a low (0.45 percent) rate of return as compared to all corporations (1.88 percent), for 1985.

The data for 1985 reflect an improving U.S. economy. For all corporations filing U.S. tax returns, the rate of return on assets rose slightly from 1.85 percent for 1983 to 1.88 percent for 1985. The rate of return on assets of domestic corporations owned by foreign persons improved by a greater margin, from 0.35 percent for 1983 to 0.45 percent for 1985. This reflects an increase in net income (less deficit) of 61 percent and a much smaller increase (24 percent) in total assets.

For 1985, profitable foreign-controlled domestic corporations had \$11.4 billion of "U.S. income subject to tax" (the base on which tax was computed), resulting in tax before credits of \$5.2 billion [15]. The difference between the \$14.5 billion of profits (or net income) and \$11.4 billion of income subject to tax was the result of statutory special deductions. These deductions were allowed to most corporations in computing their taxable income and were for net operating losses from prior years and deductions for both intercorporate dividends received and for dividends paid on certain preferred stock of public utilities.

Tax credits totalling \$1.6 billion reduced the U.S. tax liability of foreign-owned domestic corporations to \$3.6 billion, for 1985. The largest credits were \$778 million of general business credits and \$725 million of foreign tax credits.

Figure E.—Comparative Rates of Return on Assets, Income Year 1985

[All figures are estimates based on samples—money amounts are in billions of dollars]

Item	All corporations filing U.S. tax returns	Domestic corporations controlled by a foreign person
Total assets	\$12,773.1	\$655.7
Net income (less deficit)	240.1	3.0
Rate of return	1.88%	0.45%

FOREIGN CORPORATIONS WITH INCOME EFFECTIVELY CONNECTED WITH A U.S. TRADE OR BUSINESS

This section of the article switches the focus from foreign-controlled domestic companies to foreign corporations with income effectively connected with a U.S. trade or business:

U.S. Taxation

Foreign corporations are those that are incorporated abroad. Thus, they are not created or organized in the United States, or under the laws of the United States or any of its States. These corporations are, however, subject to U.S. income tax on income effectively connected with the conduct of a U.S. trade or business and on income from U.S. sources that is not "effectively connected." There are two methods of taxation that apply to the income, depending on whether or not it is considered to be effectively connected with a trade or business in the United States [16].

Foreign corporations are taxed on income effectively connected with a U.S. trade or business in a manner similar to that used to tax the income of domestic corporations. To determine their taxable income, gross income that is effectively connected with a U.S. trade or business is reduced by allowable deductions to the extent such deductions are related to this income [17]. The same tax rates, tax methods, and credits used to reduce tax liability are available to both foreign and domestic corporations. See the section entitled "Domestic Corporations Controlled by Foreign Persons: U.S. Taxation" for a discussion of how tax liability is determined.

Fixed or determinable annual or periodic income from U.S. sources, such as interest, dividends, rents, royalties, annuities, and certain gains (such as from the sale or exchange of patents and copyrights) may or may not be effectively connected income [18]. This is determined on the basis of whether the income is from assets used in the conduct of a U.S. trade or business and whether the activities of the U.S. trade or business are a principal factor in producing the income.

A foreign corporation could elect to treat income from U.S. real property as effectively connected income, even if it would not have otherwise been considered to be effectively connected income. This income included gross rents and gains from the sale or exchange of real property. This election permitted the corporation to apply deductions against this gross income as well.

Certain types of foreign-source income were also considered to be U.S. effectively connected income. For instance, interest received by a foreign bank from sources outside the United States was treated as effectively connected with the

conduct of a U.S. trade or business if the bank had an office in the United States to which the income was attributable and the interest was derived from banking activities in the United States.

As mentioned previously, foreign corporations were also taxed on U.S.-source income that was not effectively connected with the conduct of a U.S. trade or business. This included certain amounts of investment income, such as interest, dividends, rents, royalties, annuities, and gains from the sale or exchange of certain property (including patents, copyrights, timber and coal). Gross income in these categories was taxed at a rate of 30 percent unless the rate had been reduced as the result of a tax treaty between the United States and the foreign company's country of incorporation [19].

Basically, then, a foreign corporation's total U.S. tax was the sum of (1) the tax on income effectively connected with the conduct of a U.S. trade or business and (2) the tax on U.S.-source income that was not effectively connected. It could also include (1) tax from recomputing prior-year investment credits, (2) additional tax for tax preferences, and (3) Personal Holding Company tax. Foreign tax, general business, and other credits were used to reduce the corporation's tax liability (just as for domestic corporations).

The transfer of profits from a U.S. branch of a foreign corporation back to its main office in a foreign country was generally not subject to U.S. income tax. However, if the foreign corporation later distributed these profits as dividends and 50 percent or more of its gross income (over a 3-year period) was attributable to effectively connected income from its U.S. branch, then a portion of the distribution could become subject to a U.S. withholding tax of 30 percent. In addition, while interest paid by a U.S. branch of a foreign corporation to foreign creditors could be a tax deduction in calculating effectively connected taxable income, this interest could also be subject to a U.S. withholding tax similar to that described for dividends. These "second-level withholding taxes" could be reduced or eliminated by U.S. income tax treaties with other countries [20].

Only data for the 10,905 and 11,693 foreign corporations which had income effectively connected with a U.S. trade or business in 1984 and 1985, respectively, are included in this article. Foreign corporations with only U.S.-source investment income (i.e., income not effectively connected with a U.S. trade or business) are not covered by this article.

Growth Since 1983

The activity of foreign corporations in the United States has grown at a rapid pace. Total receipts of these corporations from activities effectively connected with a U.S. trade or business grew from \$20.8 billion for 1983 to \$50.9 billion

for 1985, a 145 percent increase using current dollars. This growth rate was notably higher than the 32 percent increase for domestic corporations controlled by foreign persons, as well as the 18 percent increase for all U.S. corporation income tax returns. (See the section entitled "Domestic Corporations Controlled by Foreign Persons: Growth Since 1983.") It should be noted that total receipts for domestic corporations includes income from both domestic and foreign activities. It also includes investment-type income, such as interest and dividends not directly connected with a business activity. The amount of U.S. source, business-related income of domestic corporations for 1983 through 1985 was not separately reported on the corporation income tax return and, thus, not available for comparison to the U.S. effectively connected income of foreign corporations.

As a result of the growth rate of foreign corporations with U.S. effectively connected income, their share of the receipts reported on all corporate returns increased from 0.29 percent for 1983, to 0.56 and 0.61 percents, for 1984 and 1985, respectively (see Table 1).

Industry Characteristics

As can be seen in Figure F, the finance, insurance and real estate industrial division accounted for the majority of business activity in the United States by foreign corporations. In fact, for 1985, this division accounted for 80 percent of the returns filed and 75 percent of the total receipts resulting from trade or business effectively connected with the United States.

Foreign banks reported receipts of \$26.6 billion, or 52 percent of the 11,693 foreign corporations' total U.S. effectively connected income. Nearly all (\$23.8 billion) of this income was interest. Only 234 banks, 2 percent of the foreign companies, generated these receipts for 1985.

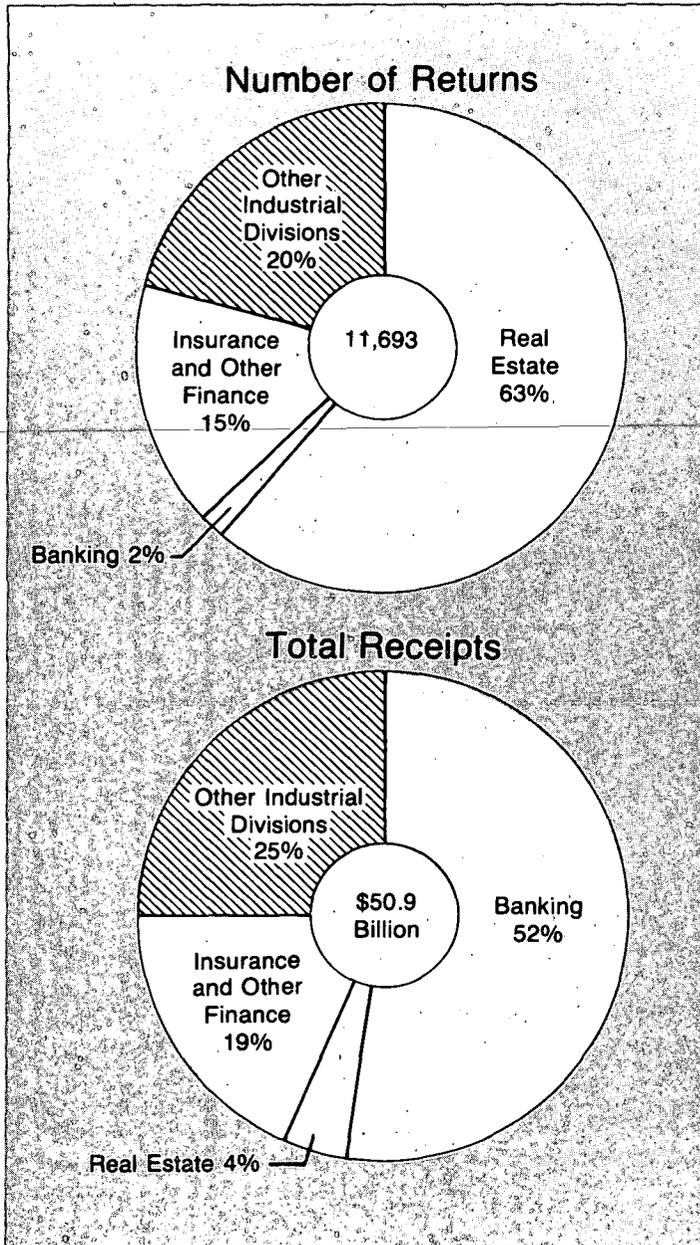
By contrast, the 7,313 foreign corporations involved in real estate (63 percent of the total) generated only \$1.9 billion (or 4 percent) of total receipts. This was an average of just \$265,000 per company. As a group, foreign real estate companies reported a net deficit of \$609 million for 1985. For every company that reported a profit (for tax purposes), nearly three others reported losses (see Figure G).

Country Characteristics

Nearly three-fourths of the 11,693 foreign corporations which reported income effectively connected with a U.S. trade or business for 1985 were incorporated in the nine countries shown in Figure H. These 8,538 companies also accounted for 88 percent of the effectively connected receipts of all foreign corporations operating a U.S. trade or business.

Figure F

Foreign Corporations with Income Effectively Connected with a U.S. Business, by Industry, Income Year 1985



The Netherlands Antilles had the largest number of foreign-incorporated U.S. businesses, totalling 5,629, or nearly one-half of the total. However, these corporations

Figure G.—Foreign Real Estate Companies with Income Effectively Connected with a U.S. Business, Income Years 1984 and 1985

[All figures are estimates based on samples—money amounts are in millions of dollars]

Item	1984	1985
Number of returns, total	6,961	7,313
With net income	1,839	2,011
Total receipts	\$1,692	\$1,939
Total deductions	2,412	2,540
Interest paid	941	1,029
Total receipts less total deductions	-720	-601
Net income (less deficit) ¹	-727	-609
Net income	259	467
Deficit	986	1,076

¹ See footnote 13 at the end of this article.

Figure H.—Foreign Corporations with Income Effectively Connected with a U.S. Trade or Business, by Selected Country of Incorporation, Income Year 1985

[All figures are estimates based on samples—money amounts are in millions of dollars]

Country	Number of returns	Total receipts
All countries	11,693	\$50,909
Total selected countries	8,538	44,571
Japan	197	11,931
Canada	1,586	10,883
Netherlands Antilles	5,629	7,724
United Kingdom	398	3,376
West Germany	221	3,353
Switzerland	219	2,797
Italy	21	1,787
France	36	1,476
Netherlands	231	1,244

accounted for only 15 percent of the effectively connected receipts of all foreign corporations. This coincided with the fact that 4,413 of these corporations were principally involved in real estate activities and produced only \$1.3 billion of receipts. As previously noted, foreign corporations involved in U.S. real estate activities tended to report relatively small amounts of receipts, as compared to those engaged in other business activities.

Japanese corporations produced the largest amount (\$11.9 billion) of U.S. effectively connected receipts. The majority of these receipts were produced by banks. In fact, U.S. branches of 24 Japanese banks produced \$11.5 billion of U.S. effectively connected receipts. These receipts accounted for 97 percent of the receipts of the 197 Japanese-incorporated businesses operating in the United States.

Sixteen of these 24 Japanese banks produced \$212 million of income subject to tax as a result of their U.S. effectively connected business activities. (The other 8 banks had deficits and, as a result, no taxable income.) This U.S. taxable income resulted in \$97 million of U.S. taxes, prior to credits. However, this amount was reduced by \$49 million through the use of foreign tax credits. This \$49

million represented over 75 percent of the total foreign tax credits claimed by all foreign corporations with income effectively connected with a U.S. trade or business. The United States allowed a foreign tax credit against income tax for certain taxes paid or accrued to foreign countries. These taxes were based on the corporation's foreign-source taxable income, certain types of which were considered to be U.S. effectively connected income. (See the section entitled "Foreign Corporations with Income Effectively Connected with a U.S. Trade or Business: U.S. Taxation.")

Canadian corporations produced the second largest amount (\$10.9 billion) of U.S. effectively connected receipts. Over 85 percent of these receipts were from companies classified in the finance, insurance and real estate industrial division. Insurance companies, banks, and non-bank holding and other investment companies accounted for most of these receipts, with \$4.3, \$2.6, and \$2.1 billion, respectively.

Income Statement and Tax Items

For 1985, 11,693 foreign corporations reported receipts totalling \$50.9 billion from activities effectively connected with a trade or business in the United States. Business receipts amounted to \$20.3 billion, while \$27.2 billion of the total was interest income.

Collectively, foreign corporations claimed \$51.9 billion in deductions for 1985. In conjunction with foreign banks producing large amounts of receipts in the form of interest income, they reported deductions for interest paid totalling \$22.3 billion. This amount was 87 percent of the \$25.7 billion of total interest paid by all of the foreign corporations.

Foreign corporations realized an overall net deficit of \$1.5 billion from their effectively connected activities. This was the result of 3,571 corporations having \$1.8 billion of profits and 8,122 companies that were without profits, totalling \$3.3 billion of deficits. (A small number of these 8,122 companies were actually "breakeven" companies with equal amounts of receipts and deductions.) Thus, only 31 percent of the foreign corporations reported profits for 1985, as compared to 56 percent of all corporations filing U.S. tax returns. The percentages for 1984 were very similar to those for 1985, with only 30 percent of the foreign corporations reporting profits, compared to 56 percent for all corporations.

For 1985, the profitable foreign corporations had \$1 billion of income subject to U.S. tax from their effectively connected activities with a U.S. trade or business. This resulted in a tax of \$412 million before credits. With reference to Form 1120F (the return form used by foreign corporations), this tax is called the "Section II" tax. Tax credits of \$73 million reduced the U.S. tax

liability to \$339 million, with foreign tax credits of \$65 million accounting for most of the credits. The \$339 million of U.S. tax after credits represents less than 1 percent (i.e., 0.67 percent) of the \$50.9 billion of total receipts generated by foreign corporations.

Foreign corporations with effectively connected U.S. trade and business income also incurred \$16 million of income tax on U.S.-source income that was not effectively connected with their U.S. operations (i.e., "Section I" tax), as well as \$5 million of additional tax for tax preferences, and \$2 million of tax from recomputing prior-year investment credits. (While Section I tax is reflected in the tax statistics, the income on which it was based was not tabulated.)

SUMMARY

Foreign investment and activity in the United States through corporations continued to grow at a relatively fast rate for 1984 and 1985. While total receipts reported on all U.S. corporation income tax returns increased from 1983 to 1985 by 18 percent (using current dollars), receipts of domestic corporations controlled by foreign persons increased by 32 percent, and those of foreign corporations with U.S. effectively connected income grew by 145 percent.

Foreign-controlled domestic corporations generated approximately 83 percent of their total receipts from two industrial divisions: manufacturing and trade. In contrast, foreign corporations with U.S. effectively connected income were largely involved in finance, insurance and real estate activities. For 1985, this division alone accounted for 75 percent of the total receipts, with only 234 banks actually generating 52 percent of the \$50.9 billion of total receipts for all 11,693 foreign corporations.

Both the 1984 and 1985 Income Years were not very profitable years for either foreign-controlled domestic corporations or foreign corporations with income effectively connected with a U.S. trade or business. For 1985, only 31 percent of the foreign corporations reported profits (as computed under the tax code), and only 43 percent of the domestic corporations with a 50 percent or more foreign owner had profits. By comparison, 56 percent of all corporations filing U.S. tax returns reported profits for 1985. Percentages for 1984 (30, 41, and 56, respectively) were similar to those for 1985.

EXPLANATION OF SELECTED TERMS

Attribution Rules.—In regard to domestic corporations that are 50 percent or more owned by a foreign "person," these rules provide that an individual shall be considered as owning the stock of a corporation that is owned, directly or indirectly, by or for his or her family. The family of an

individual includes his or her spouse, brothers and sisters, ancestors, and lineal descendants. For more information on these rules, see section 267(c) of the Internal Revenue Code. However, if a corporation is owned by two or more unrelated persons, neither of whom owned 50 percent or more of the corporation, then that corporation was excluded from the statistics even though, together, the persons may have met the 50 percent ownership criterion.

Foreign Person.—A foreign person (or entity) is defined as a person other than a U.S. person. A U.S. person includes: (1) a citizen or resident of the United States, (2) a domestic partnership, (3) a domestic corporation, and (4) any estate or trust (other than a foreign estate or trust). Section 7701 of the Internal Revenue Code further defines the term U.S. person.

Net Worth.—This is the stockholders' equity in the corporation, i.e., total assets less the claims of creditors. More specifically, it is the sum of capital stock plus paid-in or capital surplus plus appropriated and unappropriated retained earnings, less the cost of treasury stock. Table 4 shows this item for domestic corporations controlled by foreign persons.

Rate of Return on Assets.—For domestic corporations, this is the amount of before-tax net income (less deficit) calculated for U.S. tax purposes expressed as a percentage of total assets.

DATA SOURCES AND LIMITATIONS

Sample

The statistics for domestic corporations controlled by a foreign person shown in this article are based primarily on samples of Forms 1120 (U.S. Corporation Income Tax Return). For foreign corporations with income effectively connected with a U.S. trade or business, the statistics are based primarily on samples of Forms 1120F (Return of a Foreign Corporation). In addition to these forms, the statistics include data from Forms 1120L (U.S. Life Insurance Company Income Tax Return). Forms 1120L were filed by both domestic life insurance companies and foreign companies that carried on a life insurance business in the United States. Thus, data for both foreign-controlled domestic corporations and foreign corporations with income effectively connected with a U.S. trade or business could include information from Forms 1120L.

Form 1120 samples were stratified based on the size of total assets and net income (or deficit) and the business activity. For 1985, the Form 1120 achieved sampling rates ranged from 0.36 percent to 100 percent. Forms 1120F were stratified based on the size of total assets and the business activity, even though balance sheet information

was not actually tabulated from Forms 1120F. The sampling rates achieved for these forms ranged from 23.63 percent to 100 percent. Forms 1120L were stratified based solely on the size of total assets. The sample rates achieved for these forms ranged from 48.12 percent to 100 percent.

Because the data presented in this article are estimates based on samples, they are subject to sampling error. To properly use the data, the magnitude of the sampling error should be known. Coefficients of variation (CV's) are used to measure that magnitude. For a general discussion of CV's, see the Appendix to this publication. For a more detailed discussion of CV's for 1984 and 1985, see *Statistics of Income—Corporation Income Tax Returns*, for 1984 and 1985.

Nonsampling Limitations

Most of the data in this article relate to years 1984 and 1985 [21]. However, for each income year, the estimates cover returns with accounting periods that ended in a 12 month span beginning in July and ending in June. Thus, for Income Year 1984, the span was between July 1984 and June 1985. Similarly, for Income Year 1985, the span was from July 1985 through June 1986.

As a result of the 12 month span for ending accounting periods, the statistics for each year shown in this article include income received or expenses incurred during a 23 month span. For Income Year 1984, that span was from August 1983 through June 1985. Similarly, for Income Year 1985, the span was from August 1984 through June 1986.

Each return used for the studies described in this article had an industry code during statistical processing. This code was used as a classifier of the returns, as shown in Tables 4 and 5 of this article. (Tables 2 and 3 are classified by geographical area.) The industry code represented the principal business activity (i.e., the activity which accounted for the largest portion of total receipts) of the corporation filing the return. However, a given return may have been for a company engaged in several business activities or may have been a consolidated return filed for an affiliated group of corporations which conducted different business activities. In general, foreign corporations could not be members of such affiliated groups. To the extent that some consolidated (and nonconsolidated) corporations were engaged in many types of business activities, the data in this article are not entirely related to the industrial activity under which they are shown.

The income statement data for foreign corporations shown in this article are only for those corporations which had income effectively connected with a U.S. trade or business. U.S.-source investment income (including interest, dividends, rents, royalties, annuities, and other fixed or

determinable annual or periodic income) that was not effectively connected with the conduct of a U.S. trade or business is excluded from the data. The tax liability on this U.S. source investment income is, however, included in amounts of "Total U.S. Income Tax," shown in Tables 1, 3, and 5 of this article.

FOOTNOTES

- [1] For purposes of this article, "control" is defined as ownership by any foreign person (i.e., an individual, partnership, corporation, estate or trust), directly or indirectly, of 50 percent or more of a U.S. corporation's voting stock at the end of the tax year. For rules of attribution, see the "Explanation of Selected Terms" section of this article and section 267(c) of the Internal Revenue Code.
- [2] Portfolio investment is different from direct investment in that there is no control of the management of the enterprise, except to the extent, for example, of rights to vote periodically in stockholder meetings of corporations. Rather, the portfolio investor has a minimal interest in a company, and is primarily seeking dividend payments or an increase in the value of the shares of stock.
- [3] For additional information on these subjects, see, for example, Zagaris, Bruce, *Foreign Investment in the United States*, Praeger Publishers, 1980; Guillerm, Christine and Kirk, Richard, *Direct Investment Techniques for the USA*, Kleuver Law and Taxation Publishers, 1983; and *Doing Business in the United States*, Price Waterhouse, 1985. The Bureau of Economic Analysis of the U.S. Department of Commerce publishes data on foreign direct investment in the United States. See, for example, Herr, Ellen M., "U.S. Business Enterprises Acquired or Established by Foreign Direct Investors in 1987," and Howenstine, Ned G., "U.S. Affiliates of Foreign Companies: Operations in 1986," *Survey of Current Business*, Volume 68, Number 5, May 1988.
- [4] Sections 7701(a)(4) and (5) of the Internal Revenue Code defined a domestic corporation as one created or organized in the United States or under the laws of the United States or any State. A foreign corporation was one which was not domestic.
- [5] Information on ownership levels was asked by questions on the corporation income tax return which requested the owner's name, country and percentage of voting stock owned when any foreign individual, partnership, corporation, estate or trust owned, directly or indirectly, 50 percent or more of the corporation's voting stock at the end of the tax year.
- [6] Domestic International Sales Corporations (through 1984) and Interest Charge Domestic International Sales Corporations (beginning in 1985) were not subject to U.S. taxation. Instead, the stockholders of these companies were subject to taxation when profits from these companies were distributed or deemed to be distributed to them. In addition, "S" Corporations were generally not taxed on their income, but rather passed the income on to their stockholders for taxation purposes. Finally, regulated investment companies and real estate investment trusts were only taxed on income that was not distributed to their stockholders.
- [7] For a more complete discussion of taxable income, see *Statistics of Income—1985, Corporation Income Tax Returns*.
- [8] For the most recent detailed information on corporate foreign tax credits, see Carson, Chris R., "Corporate Foreign Tax Credit, 1982: A Geographic Focus," *Statistics of Income Bulletin*, Fall 1986, Volume 6, Number 2.
- [9] For detailed information on U.S.-source dividends (and other types of income, such as interest) paid to foreign persons, see Lewis, Margaret P., "Foreign Recipients of U.S. Income, and Tax Withheld, 1985," *Statistics of Income Bulletin*, Fall 1987, Volume 7, Number 2.
- [10] The source of the GNP Implicit Price Deflator is the *Survey of Current Business*, Bureau of Economic Analysis, U.S. Department of Commerce.
- [11] Manufacturing companies had larger amounts of assets and receipts than did all other companies based on data reported on all U.S. corporation income tax returns. For this group for 1985, the average manufacturer had \$9.6 million of assets and \$10.2 million of receipts. The average for nonmanufacturing companies was \$3.4 million and \$1.9 million of total assets and receipts, respectively.
- [12] Bank holding companies are included in the banking industry, as opposed to the "holding and other investment companies" industry.
- [13] For statistical purposes, taxable net income (less deficit) is the difference between "modified" total receipts and total deductions. The \$514 billion of total receipts for 1985 is modified as follows: (1) tax-exempt interest from State and local Government obligations is subtracted and (2) "constructive" receipts are added. Constructive receipts are the sum of the following types of taxable income from related foreign corporations: (1) includable income from Controlled Foreign

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Corporations and (2) foreign dividend income resulting from foreign taxes deemed paid.

- [14] The 20,795 companies reporting a deficit include a small number of "breakeven" companies, i.e., those whose receipts and deductions were equal.
- [15] The \$5.2 billion of total income tax before credits includes \$62 million from additional tax for tax preferences and tax from recomputing prior-year investment credits.
- [16] Section 864(c) of the Internal Revenue Code and the related Internal Revenue Regulations describe tests to be used in determining whether income is effectively connected with a U.S. trade or business.
- [17] Charitable contributions were deductible, subject to a limitation, whether or not they were related to effectively connected income.
- [18] While capital gains that were considered to be "effectively connected" with a U.S. trade or business were taxable income, other U.S.-source capital gains were exempt from the U.S. income tax.

[19] For a list of tax treaties, see U.S. Department of the Treasury, Internal Revenue Service, *Withholding of Tax on Nonresident Aliens and Foreign Corporations*, Publication 515.

[20] The Tax Reform Act of 1986 replaced the "second-level withholding taxes" with "branch level profits and interest taxes," subject to modification or elimination by tax treaties. For tax years beginning after 1986, the U.S. branch of a foreign corporation could be subject to a 30-percent tax on amounts of its "dividend equivalent" and on certain "excess interest" deductions used in calculating effectively connected taxable income. Dividend equivalent is the branch's effectively connected earnings and profits for the year, reduced (or increased) by the amount of increase (or decrease) in the branch's U.S. net equity position during the tax year. Section 884 of the Internal Revenue Code specifies the branch level profits and interest taxes.

[21] Tables 1 through 5 include data for 1983, as well as for 1984 and 1985. For more information on 1983, see Hobbs, James R., "Foreign Investment and Activity in the United States Through Corporations, 1983," *Statistics of Income Bulletin*, Summer 1987, Volume 7, Number 1.

Table 1.—Foreign Investment and Activity Through Corporations as a Percentage of All Corporations: Selected Items ¹

[All figures are estimates based on samples—money amounts are in thousands of dollars]

Year and item	All corporation income tax returns	Returns of domestic corporations controlled by foreign persons		Returns of foreign corporations with U.S. effectively connected income	
		Number or amount	Percentage of all returns	Number or amount	Percentage of all returns
	(1)	(2)	(3)	(4)	(5)
1983					
Number of returns.....	2,999,071	33,622	1.12	8,001	0.27
Total assets.....	10,201,084,144	530,334,499	5.20	(²)	(²)
Total receipts.....	7,135,494,059	389,908,798	5.46	20,793,723	0.29
Business receipts.....	6,334,602,711	359,793,137	5.68	5,477,256	0.09
Total deductions.....	6,945,457,358	387,981,124	5.59	21,882,107	0.32
Cost of sales and operations.....	4,308,238,989	271,372,629	6.30	3,723,239	0.09
Net income (less deficit).....	188,313,928	1,848,521	0.98	-1,117,898	N/A
Net income.....	296,932,146	12,447,588	4.19	693,369	0.23
Deficit.....	108,618,218	10,599,067	9.76	1,811,268	1.67
U.S. income subject to tax.....	218,686,396	10,706,827	4.90	468,995	0.21
Total U.S. income tax—					
Before credits.....	92,218,567 ³	4,848,504	5.26	182,806 ³	0.20
After foreign tax credit.....	72,267,402 ³	4,177,943	5.78	157,572 ³	0.22
After all credits.....	51,479,057 ³	3,418,554	6.64	152,443 ³	0.30
Distributions to stockholders except in own stock.....	128,298,545	4,326,837	3.37	409,044	0.32
1984					
Number of returns.....	3,170,743	37,401	1.18	10,905	0.34
Total assets.....	11,106,701,948	552,597,884	4.98	(²)	(²)
Total receipts.....	7,800,711,226	459,161,616	5.89	43,655,886	0.56
Business receipts.....	6,948,481,893	423,602,229	6.10	15,445,905	0.22
Total deductions.....	7,628,772,066	454,641,699	5.96	45,003,619	0.59
Cost of sales and operations.....	4,692,505,746	320,856,731	6.84	12,552,248	0.27
Net income (less deficit).....	232,900,596	4,528,142	1.94	-1,513,345	N/A
Net income.....	349,179,415	15,355,593	4.40	1,342,116	0.38
Deficit.....	116,278,819	10,827,451	9.31	2,855,460	2.46
U.S. income subject to tax.....	257,054,060	13,410,975	5.22	902,277	0.35
Total U.S. income tax—					
Before credits.....	107,968,407 ³	6,049,943	5.60	393,179 ³	0.36
After foreign tax credit.....	86,893,111 ³	5,261,889	6.06	334,137 ³	0.38
After all credits.....	63,990,210 ³	4,487,752	7.01	317,143 ³	0.50
Distributions to stockholders except in own stock.....	144,871,643	3,322,147	2.29	127,667	0.09
1985					
Number of returns.....	3,277,219	36,677	1.12	11,693	0.36
Total assets.....	12,773,093,888	655,695,711	5.13	(²)	(²)
Total receipts.....	8,398,278,426	513,777,962	6.12	50,908,814	0.61
Business receipts.....	7,369,538,953	473,892,926	6.43	20,274,675	0.28
Total deductions.....	8,158,144,126	510,954,654	6.26	51,928,117	0.64
Cost of sales and operations.....	4,894,254,081	357,519,673	7.30	15,032,230	0.31
Net income (less deficit).....	240,119,020	2,978,286	1.24	-1,486,684	N/A
Net income.....	363,867,384	14,500,125	3.99	1,783,685	0.49
Deficit.....	123,748,365	11,521,838	9.31	3,270,369	2.64
U.S. income subject to tax.....	266,060,609	11,428,043	4.30	1,024,616	0.39
Total U.S. income tax—					
Before credits.....	111,340,839 ³	5,152,493	4.63	435,079 ³	0.39
After foreign tax credit.....	87,077,352 ³	4,427,599	5.08	369,923 ³	0.42
After all credits.....	63,348,204 ³	3,576,147	5.65	361,927 ³	0.57
Distributions to stockholders except in own stock.....	167,677,294	3,529,185	2.10	42,957	0.03

¹ Includes domestic corporations controlled by foreign persons and foreign corporations with U.S. effectively connected income. For the foreign corporations, income statement items shown in this table pertain only to income effectively connected with a U.S. trade or business.

² Balance sheets of foreign corporations with U.S. effectively connected income are generally not included in the statistics. However, balance sheets for U.S. branches of foreign insurance companies are included in the statistics for all corporation income tax returns.

³ For foreign corporations, includes tax both on U.S.-source income effectively connected and not effectively connected with a U.S. trade or business.

N/A—Not applicable.

Table 2.—Domestic Corporations Controlled by a Foreign Person: Selected Items, by Geographic Area
 [All figures are estimates based on samples—money amounts are in thousands of dollars]

Year and geographic area ¹	Number returns	Total assets	Total receipts	Net income (deficit)	Net income	U.S. income subject to tax	Total U.S. income tax	
							Before credits	After credits
1983								
All geographic areas, total	33,622	530,334,499	389,008,798	1,648,521	12,447,586	10,706,827	4,848,504	3,418,554
Canada.....	6,860	46,602,258	29,429,238	-974,763	866,896	547,092	231,231	151,321
Latin America, total.....	5,174	26,180,372	23,109,341	-982,132	261,917	159,507	70,664	39,955
Mexico.....	453	1,225,931	972,125	-48,046	19,458	10,662	3,754	2,407
Caribbean, total.....	2,484	17,343,802	17,006,508	-614,339	157,989	99,904	47,891	20,729
Netherlands Antilles.....	1,320	15,984,182	16,051,776	-542,301	143,725	92,350	44,726	17,679
South America.....	1,390	1,716,930	478,460	-35,373	20,517	3,660	1,503	503
Central America, total.....	848	5,993,709	4,652,698	-284,374	63,952	45,281	17,501	16,317
Panama.....	695	5,796,902	4,495,359	303,886	44,439	27,186	12,795	11,849
Other Western Hemisphere, total.....	265	3,484,243	6,451,417	-300,626	41,182	15,326	4,710	4,596
Bermuda.....	155	2,046,309	6,021,965	-217,945	26,358	13,791	4,041	3,974
Europe, total.....	12,132	334,536,883	217,765,477	3,609,071	8,858,719	7,946,124	3,588,632	2,443,642
Common Market countries, total.....	9,059	312,093,344	197,989,187	3,688,825	8,170,209	7,280,009	3,335,938	2,259,504
Belgium.....	344	7,669,964	10,789,280	1,045,260	1,122,236	1,106,172	507,361	27,248
France.....	2,048	23,920,523	22,061,050	-198,671	368,859	264,036	120,682	74,693
Netherlands.....	1,542	77,475,240	95,690,165	782,544	2,171,128	1,999,989	928,253	744,485
United Kingdom.....	2,127	171,840,588	65,743,040	1,957,890	3,315,151	3,079,444	1,379,824	1,067,280
West Germany.....	2,217	24,993,786	32,087,479	239,502	1,115,899	849,171	380,607	329,198
Sweden.....	675	4,220,614	4,032,967	-69,258	1,118,719	113,857	50,790	47,280
Switzerland.....	1,423	13,116,869	12,633,296	128,084	513,333	426,399	192,306	130,050
Africa.....	202	627,288	206,296	-32,889	6,018	1,808	459	419
Asia, total.....	6,079	90,919,064	98,772,809	686,330	1,938,343	1,757,242	791,986	716,250
Hong Kong.....	933	24,147,261	31,113,982	73,284	138,323	122,454	54,557	37,961
Japan.....	2,292	45,212,866	87,543,400	1,072,011	1,750,835	1,598,850	723,922	672,015
South Korea.....	71	1,520,635	1,695,047	-22,573	10,057	4,865	1,979	1,680
Oceania.....	384	3,306,315	795,888	-2,320	29,693	9,763	3,481	3,035
Puerto Rico and U.S. Possessions.....	228	2,160,829	1,854,628	209,328	211,710	205,477	94,122	9,647
Country not stated.....	2,297	22,517,246	11,523,705	-363,477	231,109	164,489	63,235	49,690
1984								
All geographic areas, total	37,401	552,971,894	459,161,616	4,526,142	15,355,593	13,410,975	6,049,943	4,497,752
Canada.....	6,369	43,286,963	31,633,581	-701,931	915,513	606,425	258,199	209,181
Latin America, total.....	5,588	32,393,945	26,991,328	-776,796	451,584	342,147	148,444	66,713
Mexico.....	861	1,012,813	1,659,859	-45,757	24,681	15,874	5,796	5,068
Caribbean, total.....	2,354	23,116,130	19,019,753	-450,372	324,846	249,389	112,924	36,642
Netherlands Antilles.....	1,300	21,377,808	17,646,710	-384,690	300,569	230,102	104,975	29,441
South America.....	1,516	1,775,436	1,335,299	-4,976,487	32,908	17,654	6,287	5,150
Netherlands.....	837	6,225,565	4,976,487	-272,715	69,149	59,298	23,418	20,454
Central America, total.....	636	5,688,187	4,753,989	-279,426	59,691	50,562	20,792	20,454
Panama.....	636	5,688,187	4,753,989	-279,426	59,691	50,562	20,792	20,454
Other Western Hemisphere, total.....	477	3,249,843	5,065,108	-259,110	17,999	9,873	3,565	2,637
Bermuda.....	351	2,779,316	4,808,316	-236,156	8,495	8,973	3,565	2,637
Europe, total.....	13,487	358,657,271	256,283,592	4,687,196	10,043,108	9,037,494	4,097,317	2,959,567
Common Market countries, total.....	9,438	328,673,207	221,289,177	4,420,200	8,783,026	8,019,368	3,659,253	2,580,690
Belgium.....	2,094	8,837,335	8,090,100	1,035,300	1,103,509	1,092,871	486,919	38,793
France.....	2,252	22,745,119	22,250,703	-19,464	494,536	419,413	189,098	164,529
Netherlands.....	1,501	96,168,754	71,623,945	-796,123	2,224,894	2,026,196	912,898	753,038
United Kingdom.....	2,680	165,927,798	78,894,078	1,953,078	3,350,336	3,161,220	1,442,102	1,147,539
West Germany.....	1,842	27,534,111	36,642,095	748,219	1,431,746	1,179,722	537,069	423,034
Sweden.....	716	7,161,200	12,331,785	-5,362	345,432	321,940	148,222	122,996
Switzerland.....	1,357	16,336,922	17,931,585	374,180	819,486	626,765	281,213	233,435
Africa.....	192	1,049,981	404,981	-33,737	6,954	5,311	2,320	2,052
Asia, total.....	7,199	89,242,279	122,071,832	1,089,092	3,042,045	2,776,408	1,262,577	1,173,356
Hong Kong.....	1,252	1,475,643	1,019,989	-53,939	35,267	34,770	13,555	11,092
Japan.....	2,399	65,554,130	112,607,206	1,815,477	2,920,631	2,681,917	1,224,963	1,143,570
South Korea.....	44	1,855,364	2,526,563	-26,362	2,496	1,669	68,309	542
Oceania.....	347	8,436,905	3,631,711	10,256	154,463	142,173	68,309	7,850
Puerto Rico and U.S. Possessions.....	1*4	*1,116,505	*864,845	*97,177	*107,481	*107,203	*59,831	*6,055
Country not stated.....	3,728	13,346,192	12,216,637	415,995	616,426	383,942	149,361	60,342
1985								
All geographic areas, total	36,677	655,695,711	513,777,962	2,978,286	14,500,125	11,428,043	5,152,493	3,578,147
Canada.....	6,151	67,531,601	40,458,451	-197,296	1,271,083	634,263	281,377	200,553
Latin America, total.....	5,268	33,006,950	28,970,123	-845,657	530,201	336,895	152,913	77,353
Mexico.....	1,532	1,086,520	1,611,329	-24,878	15,147	7,943	1,581	1,206
Caribbean, total.....	1,670	23,715,455	21,212,137	-611,938	415,676	282,891	125,083	53,003
Netherlands Antilles.....	733	22,698,123	20,767,891	-535,965	411,261	262,524	124,887	62,841
South America.....	1,184	1,977,180	1,869,622	-11,824	31,414	24,334	8,205	7,079
Central America, total.....	882	1,977,180	1,869,622	-11,824	31,414	24,334	8,205	7,079
Panama.....	882	1,977,180	1,869,622	-11,824	31,414	24,334	8,205	7,079
Other Western Hemisphere, total.....	522	6,129,333	5,145,672	-197,017	67,964	41,726	18,046	16,039
Bermuda.....	358	7,915,728	6,405,301	-291,311	64,400	38,176	17,069	15,285
Europe, total.....	13,513	400,800,621	276,476,489	3,449,214	9,324,218	7,417,393	3,588,632	2,087,008
Common Market countries, total.....	10,371	360,558,201	235,827,575	3,114,976	8,113,890	6,473,701	3,355,938	2,285,658
Belgium.....	658	9,260,619	7,065,342	958,497	1,023,325	1,023,325	488,252	199,249
France.....	1,683	27,610,365	25,673,312	-126,433	505,017	384,654	172,145	132,700
Netherlands.....	1,747	104,147,817	70,471,893	-138,331	1,573,586	973,518	440,248	203,533
United Kingdom.....	2,841	174,656,073	83,340,020	1,817,698	3,387,943	2,712,172	1,231,060	904,408
West Germany.....	2,214	53,046,899	9,863,785	536,697	1,424,585	1,260,191	567,737	449,478
Sweden.....	690	8,629,906	23,547,540	237,540	385,852	287,893	131,671	75,770
Switzerland.....	1,423	23,328,906	24,169,417	192,447	672,363	554,725	249,681	199,942
Africa.....	126	1,233,918	522,889	-2,403	32,291	18,300	8,513	8,441
Asia, total.....	7,197	108,383,924	144,408,678	956,474	2,884,969	2,696,802	1,220,606	1,130,533
Hong Kong.....	1,554	1,981,411	2,315,006	-11,755	60,089	15,992	5,804	3,728
Japan.....	2,560	81,094,768	133,489,744	1,327,982	2,759,120	2,636,389	1,198,936	1,117,328
South Korea.....	44	1,755,089	2,493,631	-79,762	4,566	3,007	1,909	524
Oceania.....	376	19,482,331	6,824,211	-51,974	118,273	105,739	701	524
Puerto Rico and U.S. Possessions.....	*51	*529,472	*142,127	*10,317	*198,034	*90,733	*4,657	*4,206
Country not stated.....	3,474	16,811,166	8,559,697	-49,078	226,423	196,583	76,767	47,594

* Estimate should be used with caution because of the small number of sample returns on which it is based.

¹ Geographic area is based on the location of the owner's country of residence, incorporation, organization, creation, or administration.

NOTE: Detail may not add to totals because of rounding.

Foreign Corporate Activity in the U.S., 1984 and 1985

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Table 3.—Foreign Corporations with Income Effectively Connected with a U.S. Business: Selected Income and Tax Items, by Geographic Area

[All figures are estimates based on samples—money amounts are in thousands of dollars]

Year and geographic area ¹	Number of returns	Total receipts	Total deductions	Net income (less deficit)	Net income	U.S. income subject to tax	U.S. income tax before credits		U.S. total income tax after credits
							Total ²	Section II tax	
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
1983									
All geographic areas, total	8,001	20,793,723	21,882,107	-1,117,898	693,369	468,995	182,806	166,477	152,443
Canada	1,131	3,652,389	3,943,990	-293,352	74,552	45,589	25,177	16,681	24,073
Latin America, total	5,275	3,265,725	3,705,068	-443,756	336,706	254,977	82,172	78,732	78,243
Mexico	56	172,602	179,171	-6,686	2,984	356	84	84	84
Central America	741	252,120	294,769	-43,803	17,512	13,560	3,681	3,615	3,652
Caribbean, total	4,409	2,439,314	2,725,192	-288,928	314,739	240,976	78,394	75,021	74,493
Netherlands Antilles	4,124	2,013,852	2,304,783	-293,858	287,853	230,882	73,028	70,877	70,157
South America	69	401,688	505,936	-104,339	1,471	85	13	13	13
Other Western Hemisphere	119	213,217	218,409	-5,348	18,945	13,129	4,516	4,401	4,380
Europe, total	803	7,226,690	7,391,553	-184,726	128,190	88,420	40,007	38,250	32,196
Common Market countries, total	510	5,463,657	5,565,197	-104,272	100,825	67,909	30,554	29,913	23,042
France	21	1,562,822	1,626,038	-63,215	1,402	—	572	—	572
United Kingdom	185	1,606,185	1,643,391	-37,206	41,723	35,633	16,103	16,035	9,332
West Germany	200	1,517,994	1,497,363	18,831	44,644	30,328	13,357	13,356	12,642
Switzerland	148	1,304,982	1,355,023	-53,450	20,739	16,498	8,071	6,999	7,844
Africa	110	16,394	24,650	-8,256	1,682	1,138	324	317	319
Asia, total	354	6,043,225	6,208,952	-165,800	117,088	57,633	28,240	25,762	10,862
Japan	103	4,612,363	4,542,856	69,446	111,678	56,512	27,908	25,484	10,544
Oceania	66	135,634	144,473	-8,840	1,165	1,165	450	450	450
Puerto Rico and U.S. Possessions	33	140,941	136,179	1,519	7,786	256	41	41	41
Country not stated	109	99,509	108,832	-9,339	7,256	6,688	1,879	1,844	1,879
1984									
All geographic areas, total	10,905	43,655,886	45,003,619	-1,513,345	1,342,116	902,277	393,179	376,741	317,143
Canada	1,599	6,442,767	6,731,714	-289,093	161,767	112,122	53,674	46,846	51,287
Latin America, total	7,020	4,933,079	5,626,904	-710,815	393,472	208,704	74,896	72,750	70,743
Mexico	53	181,473	204,639	-23,166	308	144	23	23	23
Central America	1,078	274,357	267,986	5,274	47,799	25,104	8,646	8,033	8,569
Caribbean, total	5,792	4,096,111	4,708,556	-628,338	343,566	183,186	66,177	64,647	62,114
Netherlands Antilles	5,405	3,145,141	3,777,374	-645,183	247,255	159,858	56,637	55,163	55,895
South America	97	381,138	445,723	-64,585	1,799	270	50	47	37
Other Western Hemisphere	141	195,746	214,404	-18,829	16,380	13,393	4,389	4,271	4,181
Europe, total	1,316	16,236,820	16,613,182	-427,500	449,455	371,408	168,012	164,680	155,678
Common Market countries, total	933	12,195,575	12,221,538	-50,200	428,552	353,839	160,776	159,225	148,526
France	29	2,567,743	2,616,559	-48,817	35,611	—	501	—	501
United Kingdom	352	5,596,492	5,309,698	285,474	339,127	332,804	152,165	152,056	140,026
West Germany	229	2,060,455	2,072,985	-34,273	36,415	7,909	3,298	3,298	3,191
Switzerland	154	3,175,219	3,443,392	-294,028	6,878	5,175	3,568	1,994	3,515
Africa	168	130,676	161,172	-30,497	2,187	1,333	394	348	377
Asia, total	397	15,124,485	15,128,585	-25,778	308,457	188,749	89,450	85,482	32,596
Japan	113	13,433,547	13,282,388	149,294	300,711	185,995	88,473	84,511	31,659
Oceania	92	465,988	395,500	-4,773	6,748	5,381	2,041	2,041	1,960
Puerto Rico and U.S. Possessions	51	121,391	124,201	-3,037	3,014	598	141	141	141
Country not stated	120	4,933	7,956	-3,024	635	590	182	182	182
1985									
All geographic areas, total	11,693	50,908,814	51,928,117	-1,486,684	1,783,685	1,024,616	435,079	411,956	361,927
Canada	1,586	10,883,168	10,502,685	-39,312	430,887	210,048	102,392	91,919	94,294
Latin America, total	7,517	9,365,113	10,163,608	-848,010	534,516	265,925	96,258	92,466	92,229
Mexico	59	190,158	188,899	-26,501	444	(³)	(³)	(³)	(³)
Central America	1,233	433,954	461,686	-28,547	36,820	26,334	8,654	7,532	8,612
Caribbean, total	6,164	8,340,583	9,021,144	-692,448	496,821	239,262	87,469	84,798	83,493
Netherlands Antilles	5,629	7,723,859	8,408,243	-691,036	434,732	203,098	71,716	69,089	69,771
South America	62	400,418	491,880	-100,515	431	330	136	136	125
Other Western Hemisphere	156	729,931	744,002	-14,393	48,370	40,711	17,697	17,658	17,682
Europe, total	1,433	15,152,165	15,676,627	-591,050	248,036	153,242	71,151	66,267	60,986
Common Market countries, total	939	11,754,017	12,107,052	-383,867	209,152	140,364	63,739	62,086	53,671
France	36	1,475,527	1,528,960	-53,489	4,549	20	3	3	3
United Kingdom	398	3,375,914	3,469,777	-95,274	75,153	66,616	30,497	30,096	24,761
West Germany	221	3,352,839	3,392,971	-44,730	98,738	58,422	26,314	26,196	22,151
Switzerland	219	2,797,056	2,958,905	-188,562	22,374	8,442	6,019	3,083	5,977
Africa	167	149,440	155,298	-5,865	7,943	7,171	3,167	3,131	3,106
Asia, total	514	13,903,413	13,913,467	-19,716	498,842	341,507	141,989	138,221	91,608
Japan	197	11,931,489	11,749,442	180,562	386,204	238,289	111,275	109,221	60,937
Oceania	127	577,079	616,401	-39,322	9,380	3,438	1,533	1,404	1,144
Puerto Rico and U.S. Possessions	71	126,740	134,811	-8,186	2,509	532	136	136	136
Country not stated	122	21,765	21,218	546	3,202	2,042	755	755	741

¹ Geographic area is based on the location of incorporation of the foreign corporation.

² Total income tax before credits includes Section I tax, which was based on income from U.S. sources that was not effectively connected with a U.S. trade or business, and Section II tax (shown in column B), which was based on income effectively connected with a U.S. trade or business. It also includes additional tax for tax preferences and tax from recomputing prior-year investment credit.

³ Less than \$500.

NOTES: Detail may not add to totals because of rounding. Table excludes foreign corporation returns with only income from U.S. sources that was not effectively connected with a U.S. trade or business. Income statement items shown in this table pertain only to the effectively connected income of foreign corporations.

Foreign Corporate Activity in the U.S., 1984 and 1985

Table 4.—Domestic Corporations Controlled by a Foreign Person: Selected Balance Sheet, Income Statement and Tax Items, by Industrial Division

[All figures are estimates based on samples—money amounts are in thousands of dollars]

Year and item	All industrial divisions	Agriculture, forestry, and fishing	Mining	Construction	Manufacturing	Transportation and public utilities	Wholesale and retail trade	Finance, insurance, and real estate	Services
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
1983									
Number of returns, total	33,622	1,149	1,162	352	3,260	862	12,343	9,333	4,483
With net income	13,648	385	310	135	1,873	592	4,993	2,827	2,533
Total assets	530,334,499	1,826,447	22,047,801	2,172,726	219,225,274	20,085,931	66,127,339	191,094,419	7,691,712
Net worth	138,380,457	470,012	9,687,184	456,684	71,327,454	7,596,412	18,062,721	29,208,014	1,557,305
Total receipts	389,908,798	732,291	8,449,595	3,014,927	157,738,858	11,855,553	164,917,873	35,391,398	7,790,909
Business receipts	359,793,137	662,152	7,665,838	2,809,993	149,108,180	11,434,256	161,780,356	19,073,624	7,242,101
Total deductions	387,981,124	876,744	9,594,021	3,130,347	154,033,796	11,955,908	164,041,815	36,358,161	7,971,575
Cost of sales and operations	271,372,629	414,835	4,651,384	2,529,726	98,952,238	7,217,796	141,908,332	11,715,650	3,967,477
Total receipts less total deductions	1,927,675	-144,452	-1,144,426	-115,420	3,705,062	-100,354	876,058	-966,763	-180,665
Net income (less deficit)	1,848,521	-144,452	-1,079,433	-113,023	3,802,606	-100,506	888,419	-1,224,816	-178,910
Net income	12,447,588	15,701	306,410	43,278	7,350,321	409,445	2,875,268	1,196,623	250,541
U.S. income subject to tax	10,706,827	12,195	186,655	33,205	6,713,801	388,643	2,514,770	701,451	156,108
Total U.S. income tax	4,848,504	4,661	94,868	14,567	3,082,203	174,684	1,133,952	287,892	55,678
Foreign tax credit	670,561	—	54,838	2,107	546,696	262	22,241	41,173	3,244
Other credits ²	759,389	1,450	5,253	4,092	520,287	89,809	101,260	27,850	9,388
Distributions to stockholders except in own stock	4,326,837	6,690	340,642	5,199	2,560,755	530,889	272,298	570,694	39,670
1984									
Number of returns, total	37,401	1,135	1,248	860	3,392	569	14,190	9,556	6,038
With net income	15,306	360	222	654	1,941	323	5,874	3,201	2,720
Total assets	552,597,884	1,453,269	29,079,013	2,516,860	216,192,377	11,064,996	80,214,577	198,908,108	13,103,545
Net worth	154,928,539	306,584	13,314,350	507,448	82,540,606	3,805,541	20,997,962	30,649,813	2,796,054
Total receipts	459,161,616	726,634	11,426,911	5,204,036	178,076,536	9,115,440	201,958,318	40,544,227	11,968,534
Business receipts	423,602,229	646,001	10,599,809	5,051,050	167,548,099	8,445,142	197,946,312	22,164,501	11,062,611
Total deductions	454,641,699	827,450	12,677,714	5,223,416	172,871,281	9,020,220	199,563,031	42,029,957	12,287,378
Cost of sales and operations	320,856,731	419,276	6,918,887	4,331,677	110,375,497	5,506,860	171,651,316	15,430,484	6,087,012
Total receipts less total deductions	4,519,917	-100,816	-1,250,802	-19,380	5,205,255	95,220	2,395,288	-1,485,730	-318,844
Net income (less deficit)	4,528,142	-100,816	-1,186,103	-17,357	5,296,604	95,175	2,431,063	-1,675,421	-314,729
Net income	15,355,593	39,582	564,615	96,377	8,185,582	311,784	4,531,475	1,270,412	355,763
U.S. income subject to tax	13,410,975	5,358	481,545	66,240	7,542,966	299,989	4,073,274	719,814	221,791
Total U.S. income tax	6,049,943	2,276	225,385	24,655	3,431,363	134,440	1,845,723	301,660	84,440
Foreign tax credit	788,054	—	132,834	377	559,079	350	51,180	43,468	766
Other credits ³	774,137	85	26,552	1,812	508,825	59,686	112,482	53,711	10,985
Distributions to stockholders except in own stock	3,322,147	—	143,940	2,812	1,829,312	203,689	507,582	582,633	52,179
1985									
Number of returns, total	36,677	964	1,015	1,060	4,011	484	13,580	11,149	4,066
With net income	15,882	378	136	729	1,971	254	6,146	3,846	2,420
Total assets	655,695,711	1,529,029	35,815,201	3,826,135	255,237,926	10,256,185	88,191,806	244,294,856	16,429,830
Net worth	178,092,635	388,368	18,005,764	590,323	93,026,306	3,608,870	22,035,571	36,626,281	3,800,961
Total receipts	513,777,962	914,939	13,442,356	5,236,279	202,466,147	10,310,044	227,402,547	41,304,815	12,686,424
Business receipts	473,892,926	846,151	12,265,454	4,909,201	191,084,504	9,574,611	222,928,133	21,000,275	11,276,376
Total deductions	510,954,654	997,436	14,731,593	5,265,393	199,705,816	10,211,032	225,031,667	41,986,577	13,006,308
Cost of sales and operations	357,519,673	623,699	8,435,910	4,312,400	127,010,586	6,513,273	192,793,470	11,678,130	6,147,448
Total receipts less total deductions	2,823,308	-82,496	-1,289,238	-29,114	2,760,332	99,012	2,370,880	-681,761	-319,884
Net income (less deficit)	2,978,286	-76,329	-1,238,326	-21,509	2,931,428	101,973	2,393,885	-790,997	-317,418
Net income	14,500,125	49,981	398,769	169,069	6,633,137	421,207	4,499,963	1,911,907	416,092
U.S. income subject to tax	11,428,043	24,791	234,693	78,979	5,401,714	391,333	3,964,105	1,037,017	295,412
Total U.S. income tax	5,152,493	10,210	114,946	30,758	2,466,796	178,452	1,785,942	442,409	122,981
Foreign tax credit	724,894	5,928	50,816	9,144	548,194	3,929	22,919	79,002	4,964
Other credits ³	851,452	1,675	4,678	5,559	564,756	31,565	158,415	59,375	25,430
Distributions to stockholders except in own stock	3,529,185	243	104,145	11,283	2,170,511	95,636	351,413	700,526	95,428

¹ Includes "Nature of business not allocable" which is not shown separately.² Includes U.S. possessions tax, investment, jobs, nonconventional source fuel, alcohol fuel, research activities, and employee stock ownership credits.³ Includes U.S. possessions tax, nonconventional source fuel, research activities, and general business credits.

NOTE: Detail may not add to totals because of rounding.

Foreign Corporate Activity in the U.S., 1984 and 1985

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Table 5.—Foreign Corporations with Income Effectively Connected with a U.S. Business: Selected Income and Tax Items, by Industrial Division

[All figures are estimates based on samples—money amounts are in thousands of dollars]

Year and item	All industrial divisions	Agriculture, forestry, and fishing	Mining	Construction	Manufacturing	Transportation and public utilities	Wholesale and retail trade	Finance, insurance, and real estate	Services
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
1983									
Number of returns, total	8,001	237	372	62	118	109	268	6,320	466
With net income	2,272	56	134	6	33	25	121	1,755	133
Total receipts	20,793,723	67,418	241,775	349,754	903,790	804,918	1,305,306	16,719,636	397,307
Business receipts	5,477,256	60,870	196,585	336,046	895,897	785,939	1,259,393	1,686,356	252,778
Interest ²	13,566,811	1,012	2,120	4,597	1,380	3,122	20,137	13,531,423	2,832
Total deductions	21,882,107	91,972	314,755	363,545	947,308	1,095,392	1,351,183	17,276,053	439,278
Cost of sales and operations	3,723,239	26,138	65,429	326,950	735,779	515,884	1,066,394	916,880	69,783
Interest paid	13,459,582	19,010	24,485	10,688	30,408	44,081	43,138	13,246,255	41,155
Total receipts less total deductions	-1,088,383	-24,554	-72,981	-13,791	-43,518	-290,474	-45,876	-556,417	-41,971
Net income (less deficit)	-1,117,898	-24,617	-73,007	-13,791	-43,518	-290,474	-46,323	-584,186	-43,180
Net income	693,369	5,298	34,834	13,372	9,970	6,495	28,361	574,405	17,320
U.S. income subject to tax	468,995	1,222	28,262	13,100	4,430	4,540	20,427	383,713	9,986
Total U.S. income tax ³	182,806	325	14,714	5,989	1,735	7,764	8,523	138,720	3,513
Foreign tax credit	25,234	—	—	—	—	—	—	25,231	3
Other credits ⁴	5,129	6	1,111	1	984	42	234	972	1,780
Distributions to stockholders except in own stock	409,044	—	297,135	—	8,407	—	599	102,851	51
1984									
Number of returns, total	10,905	284	640	60	180	96	391	8,609	519
With net income	3,247	70	261	9	61	30	158	2,394	211
Total receipts	43,655,886	101,182	245,444	81,340	6,969,505	434,338	4,919,870	30,419,312	440,547
Business receipts	15,445,905	74,350	196,093	74,695	6,919,886	427,176	4,861,275	2,536,353	315,976
Interest ²	25,938,814	5,162	4,972	1,253	6,057	5,118	20,972	25,890,046	4,880
Total deductions	45,003,619	138,400	381,704	104,072	6,672,472	520,269	4,921,539	31,714,830	499,151
Cost of sales and operations	12,552,248	48,650	108,856	84,226	5,826,382	419,824	4,234,797	1,683,971	134,348
Interest paid	24,790,699	31,386	31,426	3,810	63,133	9,331	67,328	24,534,015	45,828
Total receipts less total deductions	-1,347,733	-37,218	-136,260	-22,732	297,033	-85,931	-1,669	-1,295,518	-58,605
Net income (less deficit)	-1,513,345	-37,270	-137,069	-22,732	297,033	-85,931	-3,666	-1,457,087	-59,251
Net income	1,342,116	11,102	21,728	2,985	402,657	6,880	83,171	794,920	17,798
U.S. income subject to tax	902,277	8,085	4,081	280	387,203	6,353	67,562	415,110	12,952
Total U.S. income tax ³	393,179	2,329	2,078	57	177,688	6,117	29,746	170,209	4,764
Foreign tax credit	59,042	—	—	—	—	—	—	59,039	2
Other credits ⁵	16,994	74	141	—	14,005	154	336	2,008	276
Distributions to stockholders except in own stock	127,667	181	4,750	—	22,790	—	23,316	75,911	720
1985									
Number of returns, total	11,693	311	587	80	201	126	452	9,334	489
With net income	3,571	91	203	32	50	40	176	2,778	159
Total receipts	50,908,814	85,047	397,577	126,272	1,915,837	1,288,164	8,439,904	37,999,920	566,974
Business receipts	20,274,675	72,207	352,839	110,467	1,880,770	1,218,017	8,403,821	7,804,241	356,752
Interest ²	27,199,483	2,149	2,404	2,556	7,737	4,507	7,512	27,152,163	19,580
Total deductions	51,928,117	127,496	513,413	161,604	1,940,231	1,609,041	8,526,743	38,354,389	607,932
Cost of sales and operations	15,032,230	37,389	176,849	102,681	1,560,796	809,659	7,827,949	4,304,043	146,001
Interest paid	25,719,467	21,408	33,678	5,271	37,567	75,962	51,379	25,437,555	53,578
Total receipts less total deductions	-1,019,304	-42,449	-115,836	-35,333	-24,393	-320,877	-86,839	-354,470	-40,959
Net income (less deficit)	-1,486,684	-42,486	-115,875	-35,343	-24,402	-320,877	-87,610	-819,204	-41,766
Net income	1,783,685	6,916	31,265	3,701	70,893	11,144	64,714	1,557,517	29,313
U.S. income subject to tax	1,024,616	719	25,507	1,856	65,280	10,610	53,117	840,607	18,907
Total U.S. income tax ³	435,079	139	11,741	818	29,626	7,440	23,473	353,637	5,575
Foreign tax credit	65,156	—	—	—	—	—	32	65,123	1
Other credits ⁶	7,996	25	1,244	164	1,605	149	670	3,972	166
Distribution to stockholders except in own stock	42,957	—	4,896	—	—	—	1,389	36,671	—

¹ Includes "Nature of business not allocable" which is not shown separately.
² Includes taxable interest received from obligations issued by the U.S. Government, as well as taxable amounts received on loans, notes, mortgages, bank deposits, and corporate bonds.
³ Total U.S. income tax includes Section I tax, which was based on income from U.S. sources that was not effectively connected with a U.S. trade or business, and Section II tax, which was based on income effectively connected with a U.S. trade or business. It also includes additional tax for tax preferences and tax from recomputing prior year investment credit.
⁴ Includes investment, jobs, and research activities credits.
⁵ Includes nonconventional source fuel and general business credits.
⁶ Includes research activities and general business credits.
 NOTES: Detail may not add to totals because of rounding. Table excludes foreign corporation returns with only income from U.S. sources that was not effectively connected with a U.S. trade or business. Income statement items shown in this table pertain only to the effectively connected income of foreign corporations.

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NOTICE

The data on the following pages are the latest and most accurate available at time of publication. However, they are subject to continuous revision as more information becomes available. Data labeled as preliminary should be used with caution.

Selected Historical Data

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Table 1.—Individual Income Tax Returns: Selected Income and Tax Items for Selected Tax Years, 1970–1987

[All figures are estimates based on samples—money amounts are in thousands of dollars]

Item	1970	1975	1980	1985	1986	p1987
	(1)	(2)	(3)	(4)	(5)	(6)
All returns	74,279,831	82,229,332	93,902,469	101,660,287	103,045,170	107,070,087
Form 1040 returns.....	74,279,831	54,527,726	57,122,592	67,006,425	68,909,828	70,753,160
Form 1040A returns.....	N/A	27,701,606	36,779,877	18,124,702	17,584,689	17,652,990
Form 1040EZ returns.....	N/A	N/A	N/A	16,529,160	16,550,653	18,663,937
Adjusted gross income (AGI)	631,692,540	947,784,873	1,613,731,497	2,305,951,483	2,481,681,046	2,788,010,987
Salaries and wages:						
Number of returns.....	66,965,659	73,520,046	83,802,109	87,198,001	88,217,638	91,166,342
Amount.....	531,883,892	795,399,462	1,349,842,802	1,928,200,978	2,031,025,984	2,169,144,134
Taxable interest received:						
Number of returns.....	32,630,355	40,378,240	49,019,575	64,526,434	65,236,518	68,010,179
Amount.....	22,021,267	43,433,554	102,009,444	182,109,194	167,640,438	163,981,254
Dividends in AGI:						
Number of returns.....	7,729,939	8,853,491	10,738,982	15,527,579	16,753,537	22,264,019
Amount.....	15,806,924	21,892,126	55,046,353	61,623,348	66,441,562	66,441,562
Business or profession net income less loss:						
Number of returns.....	6,159,985	7,242,542	8,881,119	11,900,341	12,360,345	12,937,456
Amount.....	30,554,201	39,421,478	55,129,154	78,772,577	90,423,763	103,929,657
Net capital gain less loss in AGI: ¹						
Number of returns.....	7,962,663	7,574,823	9,970,921	12,579,494	15,560,453	15,274,193
Amount.....	9,006,683	14,071,893	30,029,074	68,277,779	r132,841,678	133,486,618
Pensions and annuities in AGI:						
Number of returns.....	3,249,558	5,088,937	7,373,704	13,133,295	14,771,235	16,565,268
Amount.....	7,878,808	20,886,871	43,339,736	95,096,003	107,696,794	125,352,013
Unemployment compensation in AGI:						
Number of returns.....	N/A	N/A	1,798,210	4,771,546	5,106,015	7,422,952
Amount.....	N/A	N/A	2,028,456	6,355,539	6,975,196	12,324,306
Social security benefits in AGI:						
Number of returns.....	N/A	N/A	N/A	2,956,073	3,174,904	3,661,680
Amount.....	N/A	N/A	N/A	9,594,182	10,648,112	12,641,286
Rents and royalties net income less loss:						
Number of returns.....	6,557,498	7,143,812	8,208,132	9,970,604	9,394,506	9,308,739
Amount.....	3,232,817	5,202,078	4,105,381	-12,963,727	-15,292,084	-7,143,931
Partnership and S Corporation net income less loss:						
Number of returns.....	n.a.	n.a.	n.a.	5,487,671	5,817,455	5,270,769
Amount.....	12,637,912	12,811,091	10,099,346	-2,526,591	-5,859,500	32,074,878
Farm net income less loss:						
Number of returns.....	3,026,530	2,755,041	2,608,430	2,620,861	r2,524,331	2,425,970
Amount.....	2,788,713	3,563,325	-1,792,466	-12,005,483	-7,284,231	-769,887
Total statutory adjustments:						
Number of returns.....	6,370,552	9,024,255	13,148,919	37,763,418	38,034,061	11,559,265
Amount.....	7,665,251	15,101,999	28,614,061	95,082,299	99,008,229	29,565,01
Individual Retirement Arrangements:						
Number of returns.....	N/A	1,211,794	2,564,421	16,205,846	15,535,531	7,351,364
Amount.....	N/A	1,436,443	3,430,894	38,211,574	37,758,393	14,146,118
Self-employed retirement plans:						
Number of returns.....	591,655	595,892	568,936	675,822	773,296	745,375
Amount.....	847,692	1,603,788	2,007,666	5,181,993	6,194,617	5,920,984
Married couples who both work:						
Number of returns.....	N/A	N/A	N/A	24,835,278	25,647,221	N/A
Amount.....	N/A	N/A	N/A	24,614,983	26,672,241	N/A
Exemptions:						
Number of exemptions.....	204,126,402	212,202,596	227,925,098	244,180,202	245,752,978	217,529,986
Number, age 65 or over.....	8,904,331	9,937,208	11,847,168	16,748,810	17,395,776	N/A
Total deductions:						
Number of returns.....	73,862,448	81,585,541	88,491,251	96,848,626	98,180,981	104,963,208
Amount.....	120,549,755	233,181,778	346,000,155	554,733,523 ²	611,293,162 ²	597,364,479 ³
Itemized deductions:						
Number of returns.....	35,430,047	26,074,061	28,950,282	39,848,184	40,667,008	35,512,119
Total amount ⁴	88,178,487	122,260,601	218,028,139	405,023,525	447,057,972	383,917,222
Medical and dental expense.....	10,585,749	11,422,312	14,972,082	22,926,214	25,112,007	16,974,201
Taxes paid.....	32,014,673	44,141,289	69,404,275	128,084,618	143,446,005	118,151,666
Interest paid.....	23,929,477	38,885,282	91,187,006	180,094,578	196,566,331	174,356,122
Contributions.....	12,892,732	15,393,331	25,809,608	47,962,848	53,815,979	49,260,909
Taxable income:						
Number of returns.....	59,593,598	65,852,602	88,104,696	96,124,046	97,358,296	90,077,175
Amount.....	401,154,285	595,492,866	1,279,985,360	1,820,740,833	1,947,024,584	1,858,714,325
Income tax before credits:						
Number of returns.....	59,596,755	65,854,734	76,135,819	85,994,216	86,600,724	89,752,616
Amount.....	84,156,695 ⁵	132,452,044	256,294,315	332,165,333	367,591,995	376,131,913
Total tax credits ⁶:	369,610	8,069,846	7,215,839	10,248,044	7,020,731	6,107,503
Child care credit.....	N/A	N/A	956,439	3,127,702	3,397,090	3,448,756
Credit for the elderly and disabled.....	167,656	128,958	134,993	108,642	85,764	66,170
Residential energy credit.....	N/A	N/A	562,141	811,675	N/A	N/A
Foreign tax credit.....	169,623	381,985	1,341,675	782,561	773,939	961,944
Investment credit.....	30,554	1,593,150	3,288,415	(⁷)	(⁷)	(⁷)
General business credit.....	N/A	N/A	N/A	4,791,132 ⁷	1,115,836 ⁷	922,481 ⁷
Income tax after credits	83,787,323	124,382,197	249,078,475	321,917,289	360,571,264	370,024,410
Total income tax: ⁸						
Number of returns.....	59,317,371	61,490,737	73,906,244	82,846,420	83,967,413	86,750,436
Amount.....	83,909,311	124,526,297	250,341,440	325,710,254	367,287,213	371,258,415

See notes following Table 20.

Selected Historical Data

Table 2.—Individual Income and Tax by State, 1987

[Money amounts are in thousands of dollars, except where indicated]

State	Number of returns	Number of exemptions	Adjusted gross income (AGI)	Salaries and wages		Dividends	
				Number of returns	Amount	Number of returns	Amount
	(1)	(2)	(3)	(4)	(5)	(6)	(7)
United States, total ¹	107,402,061	244,662,456	2,772,619,841	90,613,164	2,154,846,456	22,404,700	66,545,417
Alabama.....	1,583,884	3,809,129	35,491,432	1,381,989	28,700,539	230,948	568,006
Alaska.....	333,527	625,967	6,926,876	203,509	5,646,138	71,241	99,730
Arizona.....	1,465,753	3,477,019	36,151,357	1,215,946	27,500,754	307,138	1,003,815
Arkansas.....	908,300	2,224,952	18,302,823	755,593	14,154,175	128,597	309,201
California.....	12,448,529	28,696,978	355,446,757	10,508,253	273,920,966	2,410,045	8,059,556
Colorado.....	1,465,631	3,285,151	36,992,444	1,240,434	29,460,262	337,847	830,943
Connecticut.....	1,651,493	3,468,627	55,089,657	1,407,345	42,352,557	467,325	1,610,669
Delaware.....	305,617	671,265	8,240,864	263,011	6,429,741	83,059	287,514
District of Columbia.....	324,812	610,266	9,058,484	278,420	6,581,380	55,318	306,110
Florida.....	5,532,536	12,473,327	140,278,994	4,395,426	95,059,647	1,264,074	6,221,502
Georgia.....	2,661,216	6,035,071	66,241,101	2,371,142	54,591,414	423,527	1,092,511
Hawaii.....	506,302	1,112,189	12,670,065	432,930	9,624,144	107,219	264,787
Idaho.....	377,978	983,951	7,810,313	310,455	6,069,106	70,436	167,665
Illinois.....	5,078,296	11,594,154	139,481,851	4,274,352	107,447,312	1,204,258	3,508,406
Indiana.....	2,385,246	5,588,247	56,972,232	2,023,506	45,628,262	456,287	999,917
Iowa.....	1,199,831	2,878,951	26,435,242	945,566	19,277,649	271,531	558,577
Kansas.....	1,063,352	2,538,297	25,880,407	871,206	19,642,150	229,084	572,140
Kentucky.....	1,428,007	3,385,845	31,244,592	1,203,300	24,538,533	220,801	614,778
Louisiana.....	1,605,420	3,977,748	34,439,198	1,365,046	27,587,511	240,875	608,327
Maine.....	541,373	1,213,480	12,362,604	463,288	9,210,493	102,952	320,698
Maryland.....	2,220,814	4,774,347	65,237,577	1,932,042	51,686,586	477,146	1,352,497
Massachusetts.....	2,902,142	6,010,353	85,613,540	2,493,297	65,796,268	679,766	2,069,571
Michigan.....	3,992,334	9,016,565	106,118,816	3,391,165	85,594,999	1,025,989	2,293,474
Minnesota.....	1,949,801	4,376,218	49,166,071	1,642,838	38,605,042	461,010	1,050,299
Mississippi.....	942,307	2,350,924	18,120,118	824,969	14,642,955	114,649	253,739
Missouri.....	2,189,414	5,067,042	52,928,425	1,829,329	41,018,915	470,820	1,344,274
Montana.....	336,096	809,849	6,429,208	262,001	4,737,860	76,900	177,849
Nebraska.....	694,262	1,654,206	15,195,086	560,856	11,297,103	146,452	330,479
Nevada.....	502,353	1,084,532	13,020,220	434,267	9,857,596	82,329	286,051
New Hampshire.....	533,686	1,158,128	15,125,319	465,315	11,658,649	118,378	362,681
New Jersey.....	3,948,154	8,604,042	122,658,740	3,388,003	96,123,831	1,035,878	3,043,029
New Mexico.....	607,396	1,481,292	12,699,844	513,555	10,015,718	105,497	275,611
New York.....	7,914,981	17,240,878	235,394,545	6,668,788	177,302,435	1,903,963	6,790,516
North Carolina.....	2,839,506	6,328,165	65,454,953	2,512,895	51,983,669	489,499	1,311,756
North Dakota.....	280,232	680,640	5,613,528	217,680	4,024,805	51,507	90,179
Ohio.....	4,786,125	10,764,877	117,266,957	4,054,886	92,750,076	1,085,955	2,718,397
Oklahoma.....	1,242,275	3,025,197	27,519,432	1,015,542	21,483,432	202,260	492,474
Oregon.....	1,198,779	2,779,160	27,523,256	979,412	20,680,114	243,293	635,062
Pennsylvania.....	5,310,917	11,855,065	131,421,755	4,393,649	100,661,126	1,242,683	3,678,379
Rhode Island.....	462,777	981,068	11,856,788	399,017	9,011,614	103,010	280,375
South Carolina.....	1,411,244	3,234,999	31,120,046	1,259,930	25,097,342	212,231	555,829
South Dakota.....	294,131	717,164	5,536,434	229,583	3,925,121	56,115	117,689
Tennessee.....	2,046,978	4,691,470	46,293,009	1,782,235	37,522,294	295,970	733,276
Texas.....	6,772,813	16,412,759	164,815,221	5,797,575	132,952,793	1,088,303	3,044,004
Utah.....	619,398	1,691,626	14,379,025	530,532	11,636,368	106,730	257,056
Vermont.....	252,758	557,691	5,916,723	214,986	4,438,563	58,829	198,936
Virginia.....	2,709,670	5,949,939	74,654,147	2,374,318	59,309,635	585,172	1,550,076
Washington.....	2,051,168	4,662,277	52,165,381	1,712,267	40,240,262	434,758	1,162,212
West Virginia.....	671,358	1,627,616	14,483,000	557,248	11,352,901	119,406	289,495
Wisconsin.....	2,120,739	4,852,496	50,642,199	1,794,701	39,935,631	487,345	1,184,392
Wyoming.....	196,475	482,709	4,509,276	164,899	3,550,563	40,675	120,877
Other areas ²	533,875	1,088,548	8,223,909	304,667	12,529,458	119,620	490,029

Selected Historical Data

Table 2. (Continued)—Individual Income and Tax by State, 1987

[Money amounts are in thousands of dollars, except where indicated]

State	Interest		Unemployment compensation in AGI		Itemized deductions		
	Number of returns	Amount	Number of returns	Amount	Number of returns	Total Deductions	Average amount (whole dollars)
	(8)	(9)	(10)	(11)	(12)	(13)	(14)
United States, total ¹	87,754,641	167,478,801	7,308,358	12,228,525	36,976,374	404,019,811	10,926
Alabama.....	806,370	1,642,035	146,995	153,609	496,152	4,292,455	8,651
Alaska.....	169,934	252,110	35,457	82,760	84,496	978,652	11,582
Arizona.....	889,331	2,765,677	77,828	113,465	578,764	6,535,021	11,291
Arkansas.....	472,910	1,211,094	81,828	117,495	239,674	2,129,279	8,884
California.....	7,710,496	22,253,436	905,713	1,485,930	4,852,036	69,267,097	14,276
Colorado.....	981,431	2,234,855	93,045	176,172	612,745	6,861,712	11,198
Connecticut.....	1,237,452	3,002,819	85,948	128,887	573,075	7,292,581	12,725
Delaware.....	192,153	388,530	14,817	20,734	113,660	1,157,724	10,186
District of Columbia.....	165,675	461,445	11,346	26,001	113,979	1,511,949	13,265
Florida.....	3,294,153	12,629,542	166,473	267,112	1,661,888	17,860,274	10,747
Georgia.....	1,343,427	2,948,729	164,416	185,370	908,481	9,826,566	10,816
Hawaii.....	373,796	695,344	23,826	39,199	175,582	2,049,374	11,672
Idaho.....	235,355	559,997	43,864	71,068	135,496	1,325,508	9,783
Illinois.....	3,440,865	8,690,849	316,642	663,578	1,660,057	16,893,990	10,177
Indiana.....	1,500,612	3,127,463	151,529	174,891	720,103	6,094,294	8,463
Iowa.....	879,867	2,224,754	74,349	119,958	401,407	3,360,352	8,371
Kansas.....	710,828	1,890,283	68,624	123,009	381,216	3,505,374	9,195
Kentucky.....	781,799	1,737,236	124,612	151,260	441,403	3,749,994	8,496
Louisiana.....	849,949	2,039,543	171,979	332,397	429,722	4,066,856	9,464
Maine.....	358,126	680,117	38,548	50,440	158,350	1,515,092	9,568
Maryland.....	1,460,139	3,096,303	96,529	165,492	951,693	11,415,475	11,995
Massachusetts.....	2,163,886	4,703,360	165,495	333,391	1,043,160	12,126,648	11,625
Michigan.....	2,689,336	5,286,316	422,401	810,038	1,584,777	14,650,529	9,245
Minnesota.....	1,410,664	3,001,305	130,848	276,858	842,942	8,582,372	10,181
Mississippi.....	411,221	942,453	82,902	98,741	234,823	2,079,166	8,854
Missouri.....	1,380,530	3,504,831	166,845	223,979	677,851	6,011,633	8,869
Montana.....	229,260	580,664	28,635	44,811	116,991	946,284	8,089
Nebraska.....	484,498	1,183,118	36,947	45,366	208,368	1,911,001	9,171
Nevada.....	271,265	852,972	36,204	57,942	160,612	1,756,325	10,935
New Hampshire.....	383,894	790,316	19,828	32,726	177,605	1,936,713	10,905
New Jersey.....	2,745,125	6,469,449	220,925	444,334	1,440,551	17,653,364	12,255
New Mexico.....	334,405	802,968	40,304	67,634	179,114	1,674,406	9,348
New York.....	5,539,864	15,009,241	469,310	861,980	3,223,852	41,574,221	12,896
North Carolina.....	1,528,355	2,910,733	180,273	177,228	960,791	9,110,282	9,482
North Dakota.....	200,054	485,589	20,206	36,660	72,577	624,403	8,603
Ohio.....	3,095,393	6,239,989	333,314	597,153	1,557,372	14,237,232	9,142
Oklahoma.....	708,777	1,899,639	80,664	131,486	424,385	3,999,248	9,424
Oregon.....	782,619	1,873,079	114,301	194,203	476,404	4,821,905	10,121
Pennsylvania.....	3,670,097	7,474,324	466,444	868,234	1,626,298	14,898,308	9,161
Rhode Island.....	315,388	674,992	40,311	60,637	148,185	1,524,278	10,286
South Carolina.....	704,868	1,335,360	80,088	80,681	477,540	4,411,663	9,238
South Dakota.....	196,993	495,243	1,233	14,752	63,175	489,933	7,755
Tennessee.....	1,069,121	2,334,225	157,775	168,281	496,836	4,468,912	8,995
Texas.....	3,619,964	11,205,228	441,467	888,968	1,901,260	20,877,852	10,981
Utah.....	403,894	703,711	43,223	82,248	276,441	2,842,650	10,283
Vermont.....	172,426	335,283	15,841	21,563	79,914	750,091	9,386
Virginia.....	1,639,056	3,510,911	123,708	130,606	1,018,812	11,560,064	11,347
Washington.....	1,371,010	3,322,650	180,279	332,075	684,997	6,652,293	9,711
West Virginia.....	403,921	788,994	70,171	132,858	149,330	1,244,340	8,333
Wisconsin.....	1,578,185	3,004,061	206,973	318,547	784,824	7,165,344	9,130
Wyoming.....	130,058	310,437	19,130	38,746	61,055	511,104	8,371
Other areas ²	265,846	915,199	6,945	15,970	135,553	1,237,629	9,130

Selected Historical Data

Table 2. (Continued)—Individual Income and Tax by State, 1987

[Money amounts are in thousands of dollars, except where indicated]

State	Tax liability			Earned income credit	
	Total tax		Average tax (whole dollars)	Number of returns	Amount
	Number of returns	Amount			
(15)	(16)	(17)	(18)	(19)	
United States, total ¹	91,119,609	386,357,209	4,240	8,789,469	3,932,549
Alabama	1,281,165	4,426,484	3,455	229,278	109,238
Alaska	305,104	1,043,533	3,420	12,355	4,675
Arizona	1,222,666	4,615,277	3,775	134,021	59,376
Arkansas	726,249	2,185,528	3,009	129,919	59,953
California	10,512,603	50,216,312	4,777	1,047,495	477,197
Colorado	1,259,984	4,885,027	3,877	102,664	44,657
Connecticut	1,495,588	9,183,726	6,141	54,082	22,231
Delaware	266,355	1,124,878	4,223	21,798	9,683
District of Columbia	276,709	1,381,825	4,994	32,180	14,057
Florida	4,633,080	20,736,508	4,476	495,345	227,071
Georgia	2,229,724	8,759,810	3,929	306,941	141,351
Hawaii	439,394	1,640,755	3,734	29,665	11,876
Idaho	313,332	904,315	2,886	39,054	16,939
Illinois	4,355,429	20,912,962	4,802	349,982	153,256
Indiana	2,004,654	7,532,781	3,758	182,086	80,745
Iowa	1,021,053	3,359,015	3,290	74,834	31,756
Kansas	908,592	3,535,965	3,892	72,647	30,934
Kentucky	1,168,913	3,924,439	3,357	162,902	74,566
Louisiana	1,259,820	4,456,136	3,537	259,750	122,072
Maine	466,153	1,555,973	3,338	39,682	16,876
Maryland	1,960,048	9,070,694	4,628	137,383	59,534
Massachusetts	2,617,242	12,911,003	4,933	107,189	44,639
Michigan	3,421,729	14,632,718	4,276	222,843	95,840
Minnesota	1,718,690	6,368,518	3,705	95,772	40,024
Mississippi	712,645	2,094,264	2,939	197,072	96,353
Missouri	1,856,091	7,217,637	3,889	184,733	81,845
Montana	270,459	778,279	2,878	33,061	14,495
Nebraska	591,741	1,955,460	3,305	49,590	21,263
Nevada	430,511	1,908,668	4,433	36,578	15,606
New Hampshire	478,414	2,211,103	4,622	22,463	9,344
New Jersey	3,528,569	18,919,420	5,362	212,216	89,144
New Mexico	477,467	1,523,963	3,192	84,795	37,922
New York	6,908,152	34,943,260	5,058	556,373	246,399
North Carolina	2,374,741	8,182,060	3,445	307,190	139,237
North Dakota	237,805	706,667	2,972	22,087	9,242
Ohio	4,091,529	15,568,112	3,805	311,329	135,671
Oklahoma	1,016,186	3,515,864	3,460	138,088	62,755
Oregon	1,002,296	3,369,459	3,362	91,307	40,015
Pennsylvania	4,547,167	18,199,689	4,002	330,058	142,489
Rhode Island	407,961	1,624,975	3,983	24,436	10,451
South Carolina	1,157,729	3,677,911	3,177	176,074	81,784
South Dakota	242,398	709,049	2,925	27,469	11,771
Tennessee	1,684,986	6,202,822	3,681	242,203	111,225
Texas	5,516,129	23,936,483	4,339	818,317	373,886
Utah	517,880	1,583,725	3,058	48,707	20,753
Vermont	220,774	762,160	3,452	15,925	6,637
Virginia	2,363,623	10,170,891	4,303	188,517	83,382
Washington	1,765,588	7,214,494	4,086	126,579	54,063
West Virginia	549,736	1,746,777	3,177	72,723	32,137
Wisconsin	1,829,563	6,362,271	3,477	114,195	48,549
Wyoming	164,777	605,029	3,672	15,897	6,894
Other areas ²	310,416	1,302,535	4,196	1,620	694

See notes following Tables 20.

Selected Historical Data

Table 3.—Number of Individual Returns, Income, Tax, and Average Tax, By Size of Income, Tax Years 1984–1987

[All figures are estimates based on samples—money amounts are in thousands of dollars except as indicated]

Size of adjusted gross income	Number of returns for—		Adjusted gross income (AGI) ¹		Taxable income	
	1984	1985	1984	1985	1984	1985
	(1)	(2)	(3)	(4)	(5)	(6)
Total	99,438,708	101,660,287	2,139,904,356	2,305,951,483	1,701,365,731	1,820,740,833
Less than \$1,000 ^{1,2}	3,329,148	3,292,007	-31,984,443	-36,740,956	63,799	6,856
\$1,000 under \$3,000.....	6,883,760	6,771,487	13,732,880	13,581,245	6,504,129	5,947,953
\$3,000 under \$5,000.....	7,030,537	6,685,481	28,151,199	26,769,868	17,251,761	16,049,013
\$5,000 under \$7,000.....	6,584,434	6,570,968	39,617,706	39,356,896	26,095,663	25,680,025
\$7,000 under \$9,000.....	6,792,931	6,664,279	54,388,545	53,477,888	38,888,493	37,544,431
\$9,000 under \$11,000.....	6,051,873	6,235,044	60,390,249	62,125,340	45,303,739	46,036,142
\$11,000 under \$13,000.....	5,877,979	5,582,921	70,439,379	66,863,381	54,708,664	51,016,092
\$13,000 under \$15,000.....	5,202,547	5,386,772	72,660,372	75,352,290	57,397,788	58,884,575
\$15,000 under \$17,000.....	4,893,833	4,895,393	78,195,614	78,225,269	62,489,602	61,708,177
\$17,000 under \$19,000.....	4,561,541	4,542,598	82,012,673	81,675,266	66,307,248	65,462,334
\$19,000 under \$22,000.....	5,645,759	6,089,064	115,466,828	124,506,145	93,889,175	100,462,536
\$22,000 under \$25,000.....	5,198,716	5,051,210	122,123,861	118,539,622	99,375,158	95,256,056
\$25,000 under \$30,000.....	7,635,404	7,457,947	209,274,643	204,399,150	168,006,165	164,077,078
\$30,000 under \$35,000.....	6,020,636	6,451,040	195,263,778	209,135,063	155,819,230	160,091,716
\$35,000 under \$40,000.....	5,054,470	5,184,220	188,944,011	193,807,899	149,423,027	320,091,716
\$40,000 under \$50,000.....	5,963,041	6,701,544	264,922,227	297,914,321	210,324,094	233,646,097
\$50,000 under \$75,000.....	4,657,702	5,628,639	275,046,849	333,710,362	214,921,141	259,467,072
\$75,000 under \$100,000.....	1,049,444	1,263,409	89,289,787	107,424,625	69,194,901	82,293,087
\$100,000 under \$150,000.....	581,498	706,248	69,273,546	84,315,947	53,604,014	90,834,865
\$150,000 under \$200,000.....	179,695	203,109	30,767,972	34,884,492	23,865,523	52,919,889
\$200,000 under \$300,000.....	132,306	152,523	31,729,787	36,457,244	24,405,339	21,269,595
\$300,000 under \$500,000.....	67,405	85,565	25,780,158	32,529,032	19,789,383	32,087,247
\$500,000 under \$1,000,000.....	29,215	41,107	19,729,296	27,541,427	15,798,723	21,269,595
\$1,000,000 or more.....	14,834	17,312	34,687,437	40,099,667	27,938,970	32,087,247

Size of adjusted gross income	Total income tax ³		Percentage of returns showing no total income tax		Returns showing total income tax			
					Average tax (whole dollars)		Tax as percentage of AGI	
	1984	1985	1984	1985	1984	1985	1984	1985
	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)
Total	301,923,057	325,710,254	17.9	18.5	3,698	3,931	14.4	14.4
Less than \$1,000 ^{1,2}	419,790	185,922	99.2	99.7	16,783 ³	16,964 ³	—	—
\$1,000 under \$3,000.....	44,652	41,698	93.8	94.4	104	111	5.4	5.4
\$3,000 under \$5,000.....	430,167	347,878	40.8	48.2	103	100	2.5	2.4
\$5,000 under \$7,000.....	1,233,034	1,193,043	33.7	33.9	282	275	4.7	4.6
\$7,000 under \$9,000.....	2,483,282	2,259,763	21.3	26.3	465	460	5.8	5.7
\$9,000 under \$11,000.....	3,617,920	3,480,779	8.2	11.8	651	633	6.5	6.3
\$11,000 under \$13,000.....	5,013,506	4,548,843	5.2	5.9	899	865	7.5	7.2
\$13,000 under \$15,000.....	5,831,903	5,789,495	3.6	3.9	1,163	1,119	8.3	8.0
\$15,000 under \$17,000.....	6,785,324	6,534,361	2.0	2.9	1,415	1,375	8.9	8.6
\$17,000 under \$19,000.....	7,775,189	7,482,062	1.8	2.3	1,736	1,686	9.7	9.4
\$19,000 under \$22,000.....	11,677,768	12,203,165	1.5	2.0	2,100	2,044	10.3	10.0
\$22,000 under \$25,000.....	13,237,769	12,275,305	1.0	1.6	2,573	2,469	11.0	10.5
\$25,000 under \$30,000.....	23,793,004	22,916,849	1.2	1.0	3,152	3,103	11.5	11.3
\$30,000 under \$35,000.....	23,926,881	25,080,332	.7	.8	4,004	3,919	12.3	12.1
\$35,000 under \$40,000.....	24,678,348	24,713,424	.5	.8	4,907	4,803	13.1	12.8
\$40,000 under \$50,000.....	38,675,241	41,501,665	.3	.4	6,504	6,215	14.6	14.0
\$50,000 under \$75,000.....	47,355,174	56,064,781	.4	.2	10,211	9,984	17.3	16.8
\$75,000 under \$100,000.....	18,759,377	21,794,656	.4	.3	17,944	17,297	21.1	20.3
\$100,000 under \$150,000.....	17,117,874	19,895,978	.2	.4	29,502	28,296	24.8	23.7
\$150,000 under \$200,000.....	8,644,645	9,760,959	.2	.1	48,205	48,128	28.2	28.0
\$200,000 under \$300,000.....	10,013,524	11,362,146	.2	.2	75,844	74,658	31.6	31.2
\$300,000 under \$500,000.....	8,761,557	10,670,832	.2	.2	130,272	124,947	34.1	32.2
\$500,000 under \$1,000,000.....	7,526,585	9,878,188	.2	.2	258,255	240,714	38.2	35.9
\$1,000,000 or more.....	14,120,545	15,728,128	.2	.3	954,091	910,931	40.8	39.3

See notes following Table 20.

Selected Historical Data

Table 3. (Continued)—Number of Individual Returns, Income, Tax, and Average Tax, By Size of Income, Tax Years 1984–1987

[All figures are estimates based on samples—money amounts are in thousands of dollars, except as indicated]

Size of adjusted gross income	Number of returns for—		Adjusted gross income (AGI) ¹		Taxable income	
	1986	p1987	1986	p1987	1986	p1987
	(1)	(2)	(3)	(4)	(5)	(6)
Total	103,045,170	107,070,087	2,481,681,046	2,788,010,987	1,947,024,584	1,858,714,325
Less than \$1,000 ^{1,2}	3,082,866	3,724,061	-41,192,239	-27,103,786	2,988	148,982
\$1,000 under \$3,000.....	6,943,446	7,423,290	14,071,650	14,861,384	6,091,094	1,298,693
\$3,000 under \$5,000.....	6,918,848	6,678,315	27,868,449	26,669,777	16,360,716	3,699,221
\$5,000 under \$7,000.....	6,476,499	6,412,876	38,957,006	38,359,820	24,601,096	8,144,517
\$7,000 under \$9,000.....	6,193,124	6,309,454	49,544,545	50,434,855	33,689,430	15,115,304
\$9,000 under \$11,000.....	6,143,571	5,956,535	61,191,194	59,470,730	43,902,314	21,830,452
\$11,000 under \$13,000.....	5,555,106	5,587,567	66,594,415	67,031,219	49,577,787	29,939,400
\$13,000 under \$15,000.....	5,248,065	5,302,949	73,308,776	74,132,434	56,529,121	36,889,755
\$15,000 under \$17,000.....	4,744,416	4,788,540	75,841,890	76,475,822	59,389,086	41,807,488
\$17,000 under \$19,000.....	4,478,236	4,487,465	80,591,475	80,695,773	64,065,790	46,164,802
\$19,000 under \$22,000.....	6,070,710	5,875,787	124,453,078	120,118,583	98,830,208	72,292,081
\$22,000 under \$25,000.....	5,218,320	5,305,636	122,393,950	124,462,677	98,488,143	78,285,038
\$25,000 under \$30,000.....	7,559,001	7,494,234	207,876,371	205,545,680	165,356,830	133,956,936
\$30,000 under \$35,000.....	11,489,629	11,605,168	398,161,168	402,546,332	313,916,975	271,232,572
\$35,000 under \$40,000.....	7,458,776	7,865,984	332,210,863	350,515,258	259,365,436	243,010,676
\$40,000 under \$50,000.....	6,427,825	8,144,059	381,831,768	485,721,579	295,296,881	349,700,309
\$50,000 under \$75,000.....	1,546,776	2,043,299	131,926,730	173,763,280	100,211,601	129,094,333
\$75,000 under \$100,000.....	1,115,593	1,519,691	146,973,805	201,210,047	112,757,958	154,796,091
\$100,000 under \$150,000.....	290,946	431,787	82,840,607	123,964,730	64,277,685	101,521,303
\$150,000 under \$200,000.....	51,558	77,091	33,670,463	51,938,773	27,327,574	44,266,142
\$200,000 under \$300,000.....	31,859	36,299	72,565,082	87,196,022	56,985,871	75,520,229
\$300,000 under \$500,000.....						
\$500,000 under \$1,000,000.....						
\$1,000,000 or more.....						

Size of adjusted gross income	Total income tax ³		Percentage of returns showing no total income tax		Returns showing total income tax			
	1986	p1987	1986	p1987	Average tax (whole dollars)		Tax as percentage of AGI	
	1986	p1987	1986	p1987	1986	p1987	1986	p1987 ⁴
(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)	
Total	367,287,213	371,258,415	18.5	19.0	4,374	4,280	15.1	13.7
Less than \$1,000 ^{1,2}	315,949	95,531	99.5	80.4	19,520	131	—	—
\$1,000 under \$3,000.....	58,848	179,375	94.1	70.1	143	81	7.1	3.9
\$3,000 under \$5,000.....	331,163	429,476	51.8	55.6	99	145	2.3	3.5
\$5,000 under \$7,000.....	1,047,045	994,265	35.1	36.4	249	244	4.1	4.1
\$7,000 under \$9,000.....	1,953,699	1,788,036	29.1	34.4	445	432	5.5	5.4
\$9,000 under \$11,000.....	3,203,202	2,584,647	13.3	29.2	601	613	6.0	6.1
\$11,000 under \$13,000.....	4,326,834	3,653,485	6.2	18.8	831	805	6.9	6.7
\$13,000 under \$15,000.....	5,409,582	4,699,120	3.9	9.0	1,073	973	7.7	7.0
\$15,000 under \$17,000.....	6,304,604	5,665,145	2.4	3.5	1,361	1,225	8.5	7.7
\$17,000 under \$19,000.....	7,243,966	6,283,069	1.6	2.9	1,644	1,442	9.1	8.0
\$19,000 under \$22,000.....	11,947,487	10,025,769	1.3	1.9	1,995	1,739	9.7	8.5
\$22,000 under \$25,000.....	12,727,389	11,376,877	0.8	1.6	2,459	2,180	10.5	9.3
\$25,000 under \$30,000.....	22,850,961	20,392,906	0.8	0.6	3,047	2,739	11.1	10.0
\$30,000 under \$35,000.....	48,628,502	42,832,193	0.5	0.5	4,253	3,709	12.3	10.7
\$35,000 under \$40,000.....	45,744,224	41,379,577	0.2	0.3	6,143	5,276	13.8	11.8
\$40,000 under \$50,000.....	62,459,834	70,134,331	0.2	0.1	9,737	8,624	16.4	14.5
\$50,000 under \$75,000.....	26,280,965	31,157,983	0.2	0.1	17,027	15,268	20.0	18.0
\$75,000 under \$100,000.....	37,289,197	43,632,237	0.2	0.2	33,498	28,781	25.4	21.7
\$100,000 under \$150,000.....	27,066,736	33,202,657	0.2	0.2	93,196	77,012	32.7	26.8
\$150,000 under \$200,000.....	12,928,118	15,261,222	0.2	0.1	251,192	198,231	38.5	29.4
\$200,000 under \$300,000.....	29,168,908	25,490,513	0.2	0.1	917,031	703,284	40.3	29.3

See notes following Table 20.

Selected Historical Data

Table 4.—Reconciliation of Adjusted Gross Income (AGI) and Personal Income Used in the National Income and Product Accounts (NIPA), Selected Years, 1970–1986

[All figures are estimates—money amounts are in billions of dollars]

Income and adjustment items	1970	1975	1980	1984	1985	1986
	(1)	(2)	(3)	(4)	(5)	(6)
1. Personal Income (per NIPA).....	831.8	1,313.4	2,258.5	3,108.7	3,325.3	3,531.1
2. Portion of personal income not included in AGI.....	181.2	350.5	608.5	954.1	1,021.4	r1,098.5
Transfer payments (except taxable military pay and taxable Government pensions).....	79.3	176.9	290.3	391.8	416.6	437.6
Other labor income (except fees).....	31.9	65.0	136.5	180.0	183.3	192.5
Imputed income.....	25.5	33.4	45.1	49.4	55.3	70.0
Investment income received by nonprofit institutions or retained by fiduciaries.....	7.7	11.2	21.7	31.6	34.8	33.1
Investment income retained by life insurance carriers and noninsured pension funds ¹	12.5	23.5	59.9	98.4	112.8	121.3
Differences in accounting treatment (NIPA vs. IRS).....	8.5	16.0	14.1	79.8	87.3	r104.0
Other excluded or tax exempt income.....	15.8	24.4	41.0	123.0	130.2	r140.1
3. Portion of AGI not included in personal income.....	47.7	85.1	157.8	252.7	299.4	r390.7
Personal contributions for social insurance.....	27.9	50.4	88.6	132.7	149.3	161.1
Net capital gain from sales of property.....	8.9	14.2	29.7	56.2	69.8	r133.6
Taxable private pensions.....	6.3	13.1	28.3	58.4	72.9	87.8
S Corporation income (taxed through shareholders).....	1.7	2.1	.7	6.2	6.2	r7.5
Other taxable income.....	2.9	5.4	10.5	-.8	1.2	r.6
4. Total net adjustment for conceptual differences (line 2 minus line 3).....	133.5	265.4	450.7	701.4	722.0	r707.8
5. Estimated total AGI (per NIPA) (line 1 minus line 4).....	698.3	1,048.0	1,807.9	2,407.3	2,603.4	r2,823.3
6. Adjusted gross income (AGI) (SOI).....	631.7	947.8	1,613.7	2,139.9	2,306.0	r2,481.7
7. Estimated difference in AGI (NIPA vs. SOI) (line 5 minus line 6)².....	66.6	100.2	194.1	267.4	297.4	r341.6

See notes following Table 20.

Table 5.—Personal Income and Total Adjusted Gross Income Based on Individual Income Tax Returns per National Income and Product Accounts (NIPA), Tax Years 1947–1987

[All figures are estimates—money amounts are in billions of dollars]

Tax year	Personal income (per NIPA) ¹	Total adjusted gross income (AGI) (per NIPA) ¹	Difference	
			Amount	Percentage of personal income
	(1)	(2)	(3)	(4)
1947.....	190.2	170.6	19.6	10.3
1948.....	209.2	184.6	24.6	11.8
1949.....	206.4	181.7	24.7	12.0
1950.....	228.1	201.4	26.7	11.7
1951.....	256.5	228.8	27.7	10.8
1952.....	273.8	241.8	32.0	11.7
1953.....	290.5	257.1	33.4	11.5
1954.....	293.0	256.4	36.6	12.5
1955.....	314.2	277.1	37.1	11.8
1956.....	337.2	297.9	39.3	11.7
1957.....	356.3	310.7	45.6	12.8
1958.....	367.1	316.0	51.1	13.9
1959.....	390.7	338.7	52.0	13.3
1960.....	409.4	352.5	56.9	13.9
1961.....	426.0	365.8	60.2	14.1
1962.....	453.2	387.8	65.4	14.4
1963.....	476.3	408.7	67.6	14.2
1964.....	510.2	442.7	68.2	13.4
1965.....	552.0	479.4	72.6	13.2
1966.....	600.8	520.0	80.8	13.4
1967.....	644.5	555.4	89.1	13.8
1968.....	707.2	610.0	97.2	13.7
1969.....	772.9	663.4	109.5	14.2
1970.....	831.8	698.3	133.5	16.0
1971.....	894.0	745.6	148.4	16.6
1972.....	981.6	824.7	156.9	16.0
1973.....	1,101.7	926.0	175.7	15.9
1974.....	1,210.1	1,004.0	206.1	17.0
1975.....	1,313.4	1,048.0	265.4	20.2
1976.....	1,451.4	1,166.7	284.7	19.6
1977.....	1,607.5	1,297.0	310.5	19.3
1978.....	1,812.4	1,466.9	345.5	19.1
1979.....	2,034.0	1,647.3	386.7	19.0
1980.....	2,258.5	1,807.9	450.6	20.0
1981.....	2,520.9	1,990.0	530.9	21.1
1982.....	2,670.8	2,059.4	611.4	22.9
1983.....	2,838.6	2,176.3	662.3	23.3
1984.....	3,108.7	2,407.3	701.4	22.6
1985.....	3,325.3	2,603.4	713.7	21.5
1986.....	3,531.1	2,830.8	700.3	19.8
p1987.....	3,780.0	n.a.	n.a.	n.a.

See notes following Table 20.

Selected Historical Data

Table 6.—Total Adjusted Gross Income Estimated from National Income and Product Accounts (NIPA) and Adjusted Gross Income Reported on Individual Income Tax Returns per SOI, Tax Years 1947–1987

[All figures are estimates—money amounts are in billions of dollars]

Tax year	Adjusted gross income (AGI)		Difference	
	Total (per NIPA) ¹	Reported on tax returns (per SOI)	Amount	Percentage of total
	(1)	(2)	(3)	(4)
1947	170.6	149.7	20.9	12.3
1948	184.6	163.6	21.0	11.4
1949	181.7	160.6	21.1	11.6
1950	201.4	179.1	22.3	11.1
1951	228.8	202.4	26.4	11.5
1952	241.8	215.3	26.5	11.0
1953	257.1	228.7	28.4	11.0
1954	256.4	229.2	27.2	10.6
1955	277.1	248.5	28.6	10.3
1956	279.9	267.8	30.1	10.1
1957	310.7	280.4	30.3	9.8
1958	316.0	281.2	34.8	11.0
1959	338.7	305.1	33.6	9.9
1960	352.5	315.5	37.0	10.5
1961	365.8	329.9	35.9	9.8
1962	387.8	348.7	39.1	10.1
1963	408.7	368.8	39.9	9.8
1964	442.0	396.7	45.3	10.2
1965	479.4	429.2	50.2	10.5
1966	520.0	468.5	51.5	9.9
1967	555.4	504.8	50.6	9.1
1968	610.0	554.4	55.6	9.1
1969	663.4	603.5	59.9	9.0
1970	698.3	631.7	66.6	9.5
1971	745.6	673.6	72.0	9.7
1972	824.7	746.0	78.7	9.5
1973	926.0	827.1	98.9	10.7
1974	1,004.0	905.5	98.5	9.8
1975	1,048.0	947.8	100.2	9.6
1976	1,166.7	1,053.9	112.8	9.7
1977	1,297.0	1,158.5	138.5	10.7
1978	1,466.9	1,302.4	164.5	11.2
1979	1,647.3	1,465.4	181.9	11.0
1980	1,807.9	1,613.7	194.2	10.7
1981	1,990.0	1,772.6	217.4	10.9
1982	2,059.4	1,852.1	207.3	10.1
1983	2,176.3	1,942.6	233.7	10.7
1984	2,407.3	2,139.9	267.4	11.1
1985	2,609.9	2,306.0	303.9	11.6
1986	2,803.9	2,481.7	349.2	12.3
1987	n.a.	2,788.0	n.a.	n.a.

See notes following Table 20.

Table 7.—Standard, Itemized, and Total Deductions Reported on Individual Income Tax Returns, Tax Years 1944–1987

[All figures are estimates based on samples—number of returns are in millions; money amounts are in billions of dollars]

Tax year	Total number of returns	Standard deduction ¹		Itemized deductions		Total deductions	
		Number of returns ²	Amount	Number of returns ²	Amount ³	Amount	Percentage of adjusted gross income (AGI)
	(1)	(2)	(3)	(4)	(5)	(6)	(7)
1944.....	47.1	38.7	8.0	8.4	4.8	12.8	11.0
1945.....	49.9	41.5	8.1	8.5	5.5	13.6	11.3
1946.....	52.8	44.1	8.9	8.8	6.3	15.2	11.3
1947.....	55.1	44.7	9.8	10.4	7.8	17.6	11.8
1948.....	52.1	43.2	11.5	8.8	7.9	19.4	11.9
1949.....	51.8	42.1	11.1	9.7	8.8	19.9	12.4
1950.....	53.1	42.7	12.0	10.3	9.9	21.9	12.2
1951.....	55.4	43.9	13.3	11.6	11.9	25.2	12.5
1952.....	56.5	43.7	13.7	12.8	13.6	27.3	12.7
1953.....	57.8	43.4	14.2	14.4	15.6	29.8	13.0
1954.....	56.7	41.0	13.3	15.7	17.4	30.7	13.4
1955.....	58.3	41.4	13.6	16.9	20.0	33.6	13.5
1956.....	59.2	40.7	13.8	18.5	22.6	36.4	13.6
1957.....	59.8	39.7	13.8	20.2	25.7	39.5	14.1
1958.....	59.1	38.3	13.2	20.8	27.5	40.7	14.5
1959.....	60.3	37.8	13.4	22.5	32.0	45.4	14.9
1960.....	61.0	36.9	13.1	24.1	35.3	48.4	15.3
1961.....	61.5	36.2	12.9	25.3	38.4	51.3	15.6
1962.....	62.7	36.3	13.1	26.5	41.7	54.8	15.7
1963.....	63.9	35.8	13.1	28.2	46.1	59.2	16.1
1964.....	65.4	38.5	20.2	26.9	46.8	67.0	16.9
1965.....	67.6	39.7	20.6	27.9	50.7	71.4	16.6
1966.....	70.2	41.6	21.8	28.6	54.6	76.4	16.3
1967.....	71.7	41.9	22.1	29.8	59.6	81.7	16.2
1968.....	73.7	41.7	22.1	32.0	69.2	91.3	16.4
1969.....	75.8	40.9	21.6	34.9	80.2	101.8	16.8
1970.....	74.3	38.8	32.4	35.4	88.2	120.5	19.0
1971.....	74.6	43.9	48.1	30.7	91.9	139.9	20.7
1972.....	77.6	50.6	69.8	27.0	96.7	166.4	22.2
1973.....	80.7	52.6	73.6	28.0	107.0	180.6	21.8
1974.....	83.3	53.8	76.1	29.6	119.4	195.5	21.6
1975.....	82.2	56.1	100.9	26.1	122.3	233.2	23.5
1976.....	84.7	58.7	113.8	26.0	133.9	247.6	23.5
1977.....	86.6	63.7	137.7	22.9	138.5	276.2	23.8
1978.....	89.8	64.0	139.8	25.8	164.4	304.3	23.4
1979.....	92.7	66.2	148.8	26.5	184.2	333.0	22.7
1980.....	93.9	65.0	146.0	29.0	218.0	346.0	22.6
1981.....	95.4	63.8	144.7	31.6	256.4	401.2	22.6
1982.....	95.3	61.9	140.2	33.4	284.5	425.2 ⁴	22.9
1983.....	96.3	61.1	138.5	35.2	309.6	448.7 ⁴	23.1
1984.....	99.4	61.2	139.5	38.2	358.9	499.6 ⁴	23.3
1985.....	101.7	61.8	145.0	39.8	405.0	554.7 ⁴	23.9
1986.....	103.0	62.4	151.0	40.7	447.1	611.3 ⁴	24.6
p1987.....	107.1	71.6	216.1	35.5	383.9	600.0	21.5

See notes following Table 20.

Selected Historical Data

Table 8.—Personal Income Per National Income and Product Accounts (NIPA) and Taxable Income, and Individual Income Tax Per SOI, Tax Years 1947–1987

[All figures are estimates—money amounts are in billions of dollars]

Tax year	Personal income (per NIPA) ¹	Taxable income (per SOI) ²		Total income tax (per SOI) ³		
		Amount	As a percentage of personal income	Total	As a percentage of—	
					Personal income	Taxable income
0	(1)	(2)	(3)	(4)	(5)	(6)
1947	190.2	75.4	39.6	18.1	9.5	24.0
1948	209.2	74.8	35.8	15.4	7.4	20.6
1949	206.4	71.7	34.7	14.5	7.0	20.2
1950	228.1	84.3	37.0	18.4	8.1	21.8
1951	256.5	99.2	38.7	24.2	9.4	25.9
1952	273.8	107.2	39.2	27.8	10.2	25.9
1953	290.5	114.3	39.3	29.4	10.1	25.7
1954	293.0	115.3	39.4	26.7	9.1	23.2
1955	314.2	128.0	40.7	29.6	9.4	23.1
1956	337.2	141.5	42.0	32.7	9.7	23.1
1957	356.3	149.4	41.9	34.4	9.7	23.0
1958	367.1	149.3	40.7	34.3	9.3	23.0
1959	390.7	166.5	42.6	38.6	9.9	23.2
1960	409.4	171.6	41.9	39.5	9.6	23.0
1961	426.0	181.8	42.7	42.2	9.9	23.2
1962	453.2	195.3	43.1	44.9	9.9	23.0
1963	476.3	209.1	43.9	48.2	10.1	23.1
1964	510.2	229.9	45.1	47.2	9.3	20.5
1965	552.0	255.1	46.2	49.6	9.0	19.4
1966	600.8	286.3	47.7	56.1	9.3	19.6
1967	644.5	315.1	48.9	63.0	9.8	20.0
1968	707.2	352.8	49.9	76.7	10.8	21.7
1969	772.9	388.8	50.3	86.6	11.2	22.3
1970	831.8	401.2	48.2	83.9	10.1	20.9
1971	894.0	414.0	46.3	85.4	9.6	20.6
1972	981.6	447.6	45.6	93.6	9.5	20.9
1973	1,101.7	511.9	46.5	108.1	9.8	21.1
1974	1,210.1	573.6	47.4	123.6	10.2	21.5
1975	1,313.4	595.5	45.3	124.5	9.5	20.9
1976	1,451.4	674.9	46.5	141.8	9.8	21.0
1977	1,607.5	733.8	45.6	159.8	9.9	21.8
1978	1,812.4	846.4	46.7	188.2	10.4	22.2
1979	2,034.0	926.6	45.6	214.5	10.5	23.2
1980	2,258.5	1,045.2	46.3	250.3	11.1	24.0
1981	2,520.9	1,170.1	46.4	284.1	11.3	24.3
1982	2,670.8	1,231.9	46.1	277.6	10.4	22.6
1983	2,838.6	1,300.2	45.8	274.2	9.7	21.1
1984	3,108.7	1,447.0	46.5	301.9	9.7	20.9
1985	3,325.3	1,550.5	46.6	325.7	9.8	21.0
1986	3,531.1	1,665.6	47.2	367.3	10.4	22.1
p1987	3,780.0	1,858.7	(*)	371.3	(*)	20.0

See notes following Table 20.

Table 9.—Number of Individual Income Tax Returns, by Type of Tax Settlement, Tax Years 1944–1987

[All figures are estimates based on samples—number of returns are in millions]

Tax year	Total number of returns	Returns with—		
		Tax due at time of filing ¹	Overpayments ¹	No overpayments or tax due at time of filing ¹
	(1)	(2)	(3)	(4)
1944.....	47.1	22.6	22.9	1.6
1945.....	49.9	14.5	33.5	1.9
1946.....	52.8	13.6	34.4	4.8
1947.....	55.1	15.3	33.0	6.7
1948.....	52.1	8.1	38.4	5.6
1949.....	51.8	13.8	30.2	7.9
1950.....	53.1	14.3	32.0	6.8
1951.....	55.4	18.6	31.0	5.8
1952.....	56.5	19.3	32.1	5.1
1953.....	57.8	19.0	32.7	6.2
1954.....	56.7	16.6	35.2	5.0
1955.....	58.3	18.7	35.4	4.2
1956.....	59.2	19.4	36.1	3.7
1957.....	59.8	18.6	37.6	3.6
1958.....	59.1	18.1	37.4	3.6
1959.....	60.3	19.1	38.4	2.8
1960.....	61.0	18.1	39.4	3.5
1961.....	61.5	18.6	40.0	2.9
1962.....	62.7	18.7	40.9	3.1
1963.....	63.9	19.3	41.4	3.3
1964.....	65.4	22.5	39.3	3.5
1965.....	67.6	20.0	44.3	3.2
1966.....	70.2	17.8	49.4	3.0
1967.....	71.7	17.5	51.2	3.0
1968.....	73.7	20.3	50.6	2.8
1969.....	75.8	17.9	54.9	3.0
1970.....	74.3	16.5	55.3	2.5
1971.....	74.6	17.0	55.3	2.4
1972.....	77.6	11.9	63.3	2.3
1973.....	80.7	14.2	64.2	2.2
1974.....	83.3	15.4	65.8	2.1
1975.....	82.2	15.8	63.8	2.6
1976.....	84.7	16.9	65.0	2.8
1977.....	86.6	17.8	66.0	2.8
1978.....	89.8	21.6	65.5	2.7
1979.....	92.7	18.8	71.4	2.4
1980.....	93.9	21.8	69.9	2.3
1981.....	95.4	23.0	70.0	2.4
1982.....	95.3	20.3	72.4	2.6
1983.....	96.3	18.5	75.0	2.9
1984.....	99.4	21.2	75.6	2.7
1985.....	101.7	21.2	77.4	3.0
1986.....	103.0	21.5	78.1	3.5
p1987.....	107.1	23.5	80.1	3.5

See notes following Table 20.

Selected Historical Data

Table 10.—Nonfarm Sole Proprietorship Returns: Selected Income and Deduction Items for Selected Income Years, 1970–1987

[All figures are estimates based on samples—money amounts are in thousands of dollars]

Item	1970	1975	1980	1985	1986	1987
	(1)	(2)	(3)	(4)	(5)	(6)
Number of returns, total	5,769,741	7,221,346	8,931,712	11,928,573	12,393,700	13,091,132
Number with net income.....	n.a.	n.a.	n.a.	8,640,701	9,247,806	9,884,338
Inventory, end of year	11,060,775	15,578,040	21,996,236	24,969,895	24,476,892	26,332,702
Business receipts, total	198,582,172	273,954,741	411,205,713	540,045,430	559,384,259	610,822,732
Income from sales and operations.....	n.a.	272,342,560	407,169,299	528,675,271	r548,273,173	598,315,189
Total deductions	168,044,746	234,318,288	356,258,495	461,272,852	468,960,496	505,362,105
Cost of sales and operations.....	109,148,811	146,261,435	209,889,809	232,294,132	232,134,760	255,045,271
Purchases.....	88,585,913	117,722,352	168,301,517	n.a.	n.a.	173,399,840
Cost of labor.....	7,704,285	8,791,083	10,922,221	14,504,201	17,317,871	19,631,015
Materials and supplies.....	6,216,057	9,090,638	12,909,222	n.a.	n.a.	23,841,762
Commissions.....	1,274,016	2,225,830	3,333,345	n.a.	5,461,118	6,261,859
Net salaries and wages.....	15,107,047	20,227,859	26,560,821	38,265,691	38,691,599	42,329,477
Car and truck expenses.....	n.a.	n.a.	13,378,289	17,044,421	16,380,826	17,469,744
Rent paid.....	4,636,528	6,676,314	9,636,290	15,258,690	15,653,599	16,358,248
Repairs.....	2,444,607	3,044,175	5,031,573	n.a.	n.a.	7,437,987
Taxes paid.....	3,775,502	5,423,961	7,672,459	n.a.	n.a.	8,449,142
Utilities.....	n.a.	n.a.	4,790,337	n.a.	12,644,624	13,361,789
Insurance.....	2,309,608	3,503,812	6,003,126	n.a.	10,783,481	11,718,559
Interest paid.....	1,784,276	3,390,845	7,190,257	11,913,982	11,504,437	11,615,902
Depreciation.....	5,451,525	7,958,143	13,952,703	26,291,389	26,418,043	25,557,320
Pension and profit sharing plans.....	72,741	125,296	141,463	311,323	638,262	547,886
Net income (less deficit)	30,537,426	39,636,453	r54,947,219	78,772,578	90,423,763	105,460,627
Net income.....	33,735,732	45,624,890	68,010,051	98,775,563	110,496,952	123,782,540
Deficit.....	3,198,306	5,988,437	13,062,832	20,002,986	20,073,189	18,321,913

See notes following Table 20.

Table 11.—Partnership Returns: Balance Sheet Items and Selected Income Statement for Selected Income Years, 1970–1986

[All figures are estimates based on samples—money amounts are in thousands of dollars]

Item	1970	1975	1980	1984	1985	1986
	(1)	(2)	(3)	(4)	(5)	(6)
Total number of active partnerships	936,133	1,073,094	1,379,654	1,643,581	1,713,603	1,702,952
Number with net income.....	639,795	661,134	774,173	844,738	875,846	850,884
Number with balance sheets.....	555,741	783,271	1,194,236	1,201,320	1,227,498	1,202,737
Number of partners	3,697,818	4,950,634	8,419,899	12,426,721	13,244,824	15,301,345
Total assets ¹	116,752,751	235,468,301	597,503,923	1,030,848,519	1,269,434,302	1,403,750,213
Depreciable assets (net).....	n.a.	113,124,969	239,139,823	581,643,219	695,878,822	779,936,070
Inventories, end of year.....	n.a.	11,985,431	33,218,272	39,446,014	27,279,234	27,463,816
Land.....	n.a.	36,731,958	70,241,248	122,036,819	152,179,314	179,141,689
Total liabilities ¹	n.a.	193,875,629	488,734,023	1,030,848,464	1,269,434,367	1,403,750,220
Accounts payable.....	n.a.	12,302,055	33,899,048	32,780,197	40,871,755	43,621,862
Short-term debt ²	n.a.	22,709,476	48,001,839	68,625,844	102,760,363	92,456,724
Long-term debt ³	n.a.	136,296,764	178,044,406	322,327,016	93,319,855	429,195,599
Nonrecourse loans.....	n.a.	n.a.	118,910,380	260,167,109	327,558,208	365,044,180
Partners' capital accounts	n.a.	41,592,672	108,769,900	175,475,922	200,212,653	228,022,656
Total receipts ⁴	93,348,080	148,417,529	291,998,115	375,192,511	367,117,316	397,302,544
Business receipts.....	90,208,834	142,505,781	271,108,832	318,342,380	302,733,374	327,428,647
Interest received.....	942,304	2,477,173	10,869,323	16,651,205	20,558,966	21,715,994
Total deductions ⁴	83,557,684	140,679,959	283,749,460	378,692,535	376,000,991	414,673,405
Cost of sales and operations.....	46,040,874	64,672,843	113,885,668	180,857,822	146,315,315	164,167,707
Purchases.....	31,820,581	42,608,734	70,439,607	100,358,781	91,925,923	100,010,383
Cost of labor.....	4,146,927	4,585,836	7,015,547	7,826,231	8,845,106	9,789,253
Salaries and wages.....	8,129,233	12,489,039	22,336,337	28,522,626	33,884,204	36,304,654
Taxes paid.....	3,159,258	5,770,918	9,553,145	6,673,186	7,745,756	7,866,233
Interest paid.....	4,470,206	12,097,100	28,362,385	25,437,588	28,674,933	29,452,297
Depreciation ⁵	4,578,820	10,108,834	21,576,189	46,939,395	53,650,790	59,847,381
Net income (less deficit)	9,790,396	7,737,570	8,248,655	-3,500,024	-8,883,674	-17,370,860
Net income.....	14,419,124	22,431,931	45,061,756	69,696,922	77,044,693	80,214,873
Deficit.....	4,628,728	14,694,361	36,813,100	73,196,946	85,928,367	97,585,733

See notes following Table 20.

Table 12.—Number of Business Income Tax Returns, by Size of Business, for Selected Years 1970–1986

[All figures are estimates based on samples—number of businesses are in thousands]

Size of business	Number of businesses for—					
	1970	1975	1980	1984	1985	1986
	(1)	(2)	(3)	(4)	(5)	(6)
CORPORATIONS						
Receipt size ¹						
Under \$25,000 ²	451.9	468.9	557.0	686.1	710.8	n.a.
\$25,000 under \$50,000	170.7	186.4	207.7	212.5	236.6	n.a.
\$50,000 under \$100,000	219.8	260.7	322.7	338.7	330.2	n.a.
\$100,000 under \$250,000	516.9	673.9	558.4	615.2	620.5	n.a.
\$250,000 under \$500,000						
\$500,000 under \$1,000,000						
\$1,000,000 or more	141.1	184.2	279.8	344.8	352.4	n.a.
	165.0	249.5	417.7	505.0	537.6	n.a.
Asset size						
Under \$100,000 ³	961.0	1,177.7	1,514.6	1,773.7	1,833.5	n.a.
\$100,000 under \$1 million	599.1	704.6	968.9	1,119.8	1,152.5	n.a.
\$1 million under \$10 million	87.0	116.4	191.8	232.9	245.4	n.a.
\$10 million under \$25 million	9.8	12.2	16.6	20.8	20.9	n.a.
\$25 million under \$50 million	3.9	5.6	7.8	10.1	10.4	n.a.
\$50 million under \$100 million	2.1	3.1	4.8	6.0	6.2	n.a.
\$100 million under \$250 million	1.4	2.1	3.2	3.8	4.4	n.a.
\$250 million and over	1.2	1.9	2.9	3.7	4.1	n.a.
PARTNERSHIPS						
Receipt size ¹						
Under \$25,000 ²	501.7	549.7	638.0	820.4 ⁴	840.1 ⁴	836.6 ⁴
\$25,000 under \$50,000	125.2	141.0	181.8	197.3	195.5	182.9
\$50,000 under \$100,000	119.6	133.7	183.6	200.5	199.5	204.5
\$100,000 under \$200,000	97.2	114.0	155.2	162.8	190.1	184.0
\$200,000 under \$500,000	65.2	90.6	135.6	149.9	165.5	165.1
\$500,000 under \$1,000,000	17.0	25.5	48.1	60.6	66.9	69.1
\$1,000,000 or more	10.3	18.6	37.4	52.1	56.0	60.7
Asset size ⁵						
Under \$25,000 ³	635.7	611.0	541.9	773.8	794.1	774.9
\$25,000 under \$50,000	80.8	105.9	156.3	118.6	132.7	142.4
\$50,000 under \$100,000	73.5	106.8	180.2	170.5	165.8	140.4
\$100,000 under \$200,000	74.7	116.0	219.1	208.5	210.9	214.4
\$200,000 – \$500,000	33.8	56.9	117.9	129.0	142.8	147.4
\$500,000 – \$1,000,000	19.3	35.3	72.1	93.8	100.0	99.8
\$1,000,000 or more	18.3	41.2	92.2	149.4	167.2	183.3
NONFARM SOLE PROPRIETORSHIPS						
Receipt size						
Under \$2,500 ²	1,894.3	2,299.9	2,783.1	2,988.9	3,067.5	3,178.4
\$2,500 under \$5,000	815.1	959.4	1,158.6	1,324.4	1,444.6	1,495.1
\$5,000 under \$10,000	891.5	1,041.7	1,262.9	1,482.4	1,633.6	1,666.0
\$10,000 under \$25,000	1,137.4	1,325.7	1,711.8	2,036.4	2,104.6	2,175.3
\$25,000 under \$50,000	746.4	849.5	1,079.1	1,261.3	1,393.9	1,466.6
\$50,000 under \$100,000	562.0	644.5	835.6	1,061.3	1,094.1	1,138.3
\$100,000 under \$200,000	297.4	380.9	795.8	984.4	1,060.2	1,140.9
\$200,000 under \$500,000	122.3	209.2				
\$500,000 under \$1,000,000	20.8	35.3	73.9	86.4	89.3	95.4
\$1,000,000 or more	6.6	13.5	29.2	36.8	40.7	37.7

See notes following Table 20.

Selected Historical Data

Table 13.—Corporation Income Tax Returns: Balance Sheet, Income Statement, and Tax Items for Selected Years, 1970–1985

[All figures are estimates based on samples—money amounts are in thousands of dollars]

Items	1970	1975	1980	1983	1984	1985
	(1)	(2)	(3)	(4)	(5)	(6)
Number of returns, total	1,665,477	2,023,647	2,710,538	2,999,071	3,170,743	3,277,219
Number with net income	1,008,337	1,226,208	1,596,632	1,676,288	1,777,770	1,820,120
Consolidated returns ^{1,2}	19,871	38,307	57,890	73,645	80,256	79,598
S Corporation returns ^{2,3}	257,475	358,413	545,389	648,267	701,339	724,749
DISC returns ^{2,4}	N/A	6,431	8,665	9,898	12,480	1,383
FSC returns ^{2,5}	N/A	N/A	N/A	N/A	N/A	2,341
Total assets	2,634,706,564	4,286,556,273	7,617,238,403	10,201,084,144	11,106,701,948	12,773,093,888
Cash	176,924,573	290,426,439	528,914,747	590,386,817	595,773,262	683,204,264
Notes and accounts receivable	614,667,367	1,051,542,806	1,984,601,790	2,677,367,962	2,896,980,896	3,317,635,191
Less: Allowance for bad debts	20,030,327	31,032,998	50,057,307	51,162,613	54,341,671	61,580,335
Inventories	190,401,642	317,718,545	534,806,547	599,445,162	664,243,060	714,722,928
Investments in Government obligations	196,625,390	316,131,699	472,059,737	685,146,228	725,695,801	916,550,098
Other current assets	73,058,482	145,101,716	310,177,160	433,594,597	513,743,712	629,136,396
Loans to stockholders	4,774,082	9,355,636	29,873,250	47,836,294	58,430,009	56,761,232
Mortgage and real estate loans	327,593,354	548,054,483	894,323,489	982,415,018	1,126,962,114	1,258,672,577
Other investments	401,389,022	626,266,074	1,213,986,210	1,798,295,351	1,972,830,815	2,413,551,474
Depreciable assets	868,908,018	1,276,564,500	2,107,027,914	2,730,371,698	2,913,301,626	3,174,193,649
Less: Accumulated depreciation	334,646,086	483,798,526	767,841,763	1,024,756,282	1,116,171,771	1,232,072,530
Depletable assets	18,517,264	38,511,396	71,901,490	107,958,232	114,808,431	112,339,389
Less: Accumulated depletion	6,774,796	14,501,561	19,569,556	32,682,172	36,340,299	37,203,920
Land	46,626,157	66,819,206	92,931,935	119,350,378	128,269,064	141,448,357
Intangible assets (amortizable)	12,818,168	12,823,183	45,480,694	87,852,590	117,467,829	145,290,625
Less: Accumulated amortization	5,984,184	4,491,990	18,393,037	25,062,592	36,190,604	42,505,240
Other assets	69,838,438	121,065,665	187,015,106	474,727,482	521,126,077	582,949,738
Total liabilities	2,634,706,564	4,286,556,273	7,617,238,403	10,201,084,144	11,106,701,948	12,773,093,888
Accounts payable	148,812,597	263,417,584	542,172,368	671,495,438	741,372,874	891,571,443
Mortgages, notes, and bonds payable in less than 1 year	170,884,261	272,123,551	504,802,288	759,536,076	866,546,604	1,001,337,795
Other current liabilities	892,218,397	1,577,425,991	2,706,796,360	3,513,512,199	3,760,174,725	4,234,983,432
Loans from stockholders	24,573,814	38,143,936	85,718,510	131,025,956	145,250,514	174,317,253
Mortgages, notes, and bonds payable in 1 year or more	362,700,303	586,703,526	986,663,932	1,323,209,421	1,494,350,573	1,699,272,481
Other liabilities	283,106,029	451,676,880	846,696,691	1,156,873,507	1,214,879,371	1,467,912,913
Capital stock	201,213,719	251,715,862	417,153,783	787,278,549	839,344,197	920,182,882
Paid-in or capital surplus	196,642,421	298,534,854	532,039,407	873,620,667	1,066,288,359	1,420,996,805
Retained earnings, appropriated	16,657,051	29,955,676	41,461,644	52,538,370	51,100,507	54,074,364
Retained earnings, unappropriated	349,225,750	537,631,026	1,027,902,049	1,221,793,087	1,256,771,201	1,311,512,589
Less: Cost of treasury stock	11,327,778	20,772,613	74,168,627	289,799,122	329,376,924	403,068,064
Total receipts	1,750,776,503	3,198,627,860	6,361,284,012	7,135,494,059	7,860,711,226	8,398,278,426
Business receipts	1,620,886,576	2,961,729,640	5,731,616,337	6,334,602,711	6,948,481,893	7,369,538,953
Interest on State and local Government obligations	3,775,917	6,711,606	12,620,876	16,667,263	16,613,501	20,164,514
Other interest	67,794,508	136,587,304	354,243,674	496,648,009	566,537,974	617,622,425
Dividends received from domestic corporations	5,238,421	8,818,282	18,654,800	19,696,776	21,185,391	16,967,379
Dividends received from foreign corporations	3,466,515	5,467,726	14,563,353	13,892,070	15,373,474	20,770,361
Rents	13,938,502	21,765,130	41,371,141	69,580,411	75,834,113	89,700,937
Royalties	2,586,387	5,167,141	12,450,250	13,876,095	14,535,929	15,237,421
Net short-term capital gain reduced by net long-term capital loss	190,439	301,601	2,013,510	5,048,854	3,233,999	7,032,062
Net long-term capital gain reduced by net short-term capital loss	5,481,580	8,364,523	24,910,957	33,924,549	38,518,792	53,771,685
Net gain, noncapital assets	5,315,562	7,757,287	20,117,615	26,134,711	26,506,096	33,537,842
Other receipts	22,102,096	35,957,620	128,721,498	105,422,613	133,948,728	153,934,848

Table 13. (Continued)—Corporation Income Tax Returns: Balance Sheet, Income Statement, and Tax Items for Selected Years, 1970–1985

[All figures are estimates based on samples—money amounts are in thousands of dollars]

Items	1970	1975	1980	1983	1984	1985
	(1)	(2)	(3)	(4)	(5)	(6)
Total deductions	1,682,778,847	3,052,674,597	6,125,365,155	6,945,457,358	7,628,772,066	8,158,144,126
Cost of sales and operations.....	1,146,263,273	2,129,928,467	4,204,905,905	4,308,238,989	4,692,505,746	4,894,254,081
Compensation of officers.....	32,846,381	57,832,552	108,973,751	141,193,212	157,028,565	170,737,540
Repairs.....	13,986,819	23,422,171	42,407,967	74,652,495	76,367,591	81,495,784
Bad debts.....	6,479,814	13,781,147	18,769,771	30,543,184	33,803,267	43,333,588
Rent paid on business property.....	23,842,355	40,769,829	71,990,832	104,717,965	119,476,469	134,661,335
Taxes paid.....	49,523,243	81,530,302	163,003,622	173,420,116	191,748,629	200,977,161
Interest paid.....	62,055,010	129,307,921	344,612,542	475,060,444	535,814,101	568,645,475
Contributions or gifts.....	797,029	1,202,130	2,358,554	3,626,605	4,057,112	4,471,736
Amortization.....	745,005	717,398	1,374,658	4,309,952	5,170,089	6,133,737
Depreciation.....	52,941,266	86,295,664	157,345,828	241,491,819	264,882,261	304,380,703
Depletion.....	5,623,339	5,341,489	8,871,993	7,574,216	8,051,260	7,779,731
Advertising.....	18,089,097	26,605,786	52,266,004	72,393,870	82,023,440	91,922,667
Pension, profit-sharing, stock bonus, and annuity plans.....	12,225,912	26,526,129	51,529,310	54,355,062	52,555,188	49,588,712
Employee benefit programs.....	7,398,283	15,690,563	40,179,104	59,115,141	64,547,638	71,601,577
Net loss, noncapital assets.....	1,289,305	1,804,079	5,903,104	7,615,697	9,647,008	7,893,175
Other deductions.....	248,672,716	411,918,970	850,872,216	1,187,148,601	1,331,088,812	1,520,267,133
Total receipts less total deductions	67,997,656	145,953,263	235,918,858	190,036,702	231,939,061	240,134,300
Constructive taxable income from related foreign corporations.....	1,679,875	3,395,169	15,708,560	14,944,490	17,575,037	20,299,335
Net income (less deficit)	65,901,614	142,636,826	239,006,542	188,313,928	232,900,596	240,119,020
Net income.....	83,710,924	169,483,336	296,787,201	296,932,146	349,179,415	363,867,384
Deficit.....	17,809,310	26,846,510	57,780,659	108,618,218	116,278,819	123,748,365
Income subject to tax ^a	72,374,437	146,589,287	246,598,486	218,686,396	257,054,060	266,060,609
Income tax, total	33,293,018	66,144,308	105,142,436	92,218,567	107,968,407	111,340,839
Regular and alternative tax.....	32,949,937	65,769,822	103,831,172	90,461,858	106,013,271	109,106,358
Tax from recomputing prior- year investment credit.....	77,832	217,138	867,571	1,175,071	1,382,945	1,497,597
Tax from recomputing prior- year work incentive (WIN) credit.....	N/A	608	4,873	N/A	N/A	N/A
Additional tax for tax preferences.....	265,249	156,740	438,820	561,505	544,863	725,878
Foreign tax credit.....	4,548,986	19,987,724	24,879,737	19,951,165	21,075,296	24,263,487
U.S. possessions tax credit.....	N/A	N/A	1,572,734	1,966,168	1,978,578	2,450,583
Investment credit.....	865,954	6,459,746	15,102,812	16,145,173	(¹⁰)	(¹⁰)
Work incentive (WIN) credit.....	N/A	5,321	36,483	N/A	N/A	N/A
Jobs credit.....	N/A	N/A	601,444	449,224	(¹⁰)	(¹⁰)
Nonconventional source fuel credit.....	N/A	N/A	2	33,012	69,695	43,267
Alcohol fuel credit.....	N/A	N/A	4	7,178	(¹⁰)	(¹⁰)
Research activities credit.....	N/A	N/A	N/A	1,277,474	1,589,048	1,627,997
Employees stock ownership credit.....	N/A	N/A	N/A	909,880	(¹⁰)	(¹⁰)
Orphan drug credit.....	N/A	N/A	N/A	*236	*105	*204
General business credit.....	N/A	N/A	N/A	N/A	19,265,475	19,607,097
Distributions to stockholders:						
Cash and property except in own stock.....	32,012,677	45,224,392	97,378,617	128,298,545	144,871,643	n.a.
Corporation's own stock.....	1,922,810	2,066,559	3,525,549	4,810,283	5,889,191	n.a.

See notes following Table 20.

Selected Historical Data

Table 14.—Corporation Income Tax Returns: Selected Balance Sheet, Income Statement, and Tax Items by Industrial Division, for Selected Income Years, 1970–1985

[All figures are estimates based on samples—money amounts are in thousands of dollars]

Industrial division and items	1970	1975	1980	1983	1984	1985
	(1)	(2)	(3)	(4)	(5)	(6)
AGRICULTURE, FORESTRY AND FISHING						
Number of returns, total.....	37,283	56,280	80,883	92,125	98,361	103,156
Number with net income.....	19,843	33,328	43,827	47,636	r50,037	52,776
Total assets.....	11,909,403	21,177,941	40,738,977	50,292,891	50,699,926	52,651,197
Net worth.....	4,012,068	6,844,949	11,460,935	13,559,332	14,310,555	15,406,221
Total receipts.....	14,277,707	28,118,514	52,089,915	59,208,642	66,645,119	70,491,486
Business receipts.....	13,591,763	26,624,149	48,850,056	55,114,507	62,093,338	65,419,402
Interest received.....	69,742	171,732	476,654	r677,378	723,118	775,383
Total deductions.....	14,209,713	27,369,286	51,418,280	59,386,796	66,436,289	70,559,478
Cost of sales and operations.....	10,555,539	19,738,447	35,798,332	38,308,491	42,991,472	45,085,526
Interest paid.....	356,225	797,420	2,184,441	2,866,689	2,952,198	2,758,952
Net income (less deficit).....	65,295	746,908	673,158	-196,528	202,522	-74,270
Net income.....	493,400	1,493,168	2,464,381	2,499,829	2,874,899	2,930,905
Deficit.....	428,105	746,260	1,791,222	2,696,357	2,672,377	3,005,175
Income tax before credits.....	113,115	351,059	533,768	430,119	509,081	540,671
Total income tax after credits ³	107,023	294,584	422,356	313,537	373,115	344,626
Distributions to stockholders except in own stock.....	65,824	244,524	304,733	172,301	417,177	n.a.
MINING						
Number of returns, total.....	14,465	14,242	25,576	37,066	40,564	41,426
Number with net income.....	7,303	8,297	12,698	15,526	18,177	18,031
Total assets.....	23,972,812	64,505,341	126,947,880	194,417,434	209,036,474	240,815,996
Net worth.....	13,381,821	32,765,690	54,068,148	85,602,456	94,335,000	104,772,797
Total receipts.....	17,747,750	65,909,994	176,672,390	132,419,750	123,496,633	142,038,595
Business receipts.....	16,699,586	63,670,496	167,397,918	122,510,903	111,030,063	126,710,610
Interest received.....	176,728	522,757	1,301,266	2,529,873	3,089,562	3,584,890
Total deductions.....	15,927,348	42,348,765	169,051,624	134,305,739	124,627,966	145,389,514
Cost of sales and operations.....	9,955,600	30,171,612	116,989,880	85,540,564	74,213,000	87,972,035
Interest paid.....	388,032	1,166,182	3,440,080	6,763,864	7,077,300	7,789,995
Net income (less deficit).....	1,834,315	23,574,833	7,750,561	-1,586,098	-353,185	-2,543,487
Net income.....	2,399,507	24,347,893	10,133,685	5,929,343	6,991,815	6,166,623
Deficit.....	565,192	773,060	2,383,124	7,515,441	7,344,999	8,710,110
Income tax before credits.....	1,031,550	11,361,037	3,947,569	3,203,406	2,381,154	1,810,559
Total income tax after credits ³	342,928	1,051,138	1,674,566	1,282,044	1,014,361	557,519
Distributions to stockholders except in own stock.....	1,177,550	1,015,895	4,757,780	2,710,318	3,057,411	n.a.
CONSTRUCTION						
Number of returns, total.....	138,905	191,219	272,432	283,519	306,906	318,276
Number with net income.....	82,078	108,852	150,368	150,138	173,351	185,613
Total assets.....	42,719,792	76,691,947	132,939,026	161,365,795	195,272,738	215,297,771
Net worth.....	11,819,604	19,029,077	32,826,174	41,540,682	50,338,974	54,687,270
Total receipts.....	90,610,644	146,955,117	267,205,356	290,798,843	338,575,635	387,232,953
Business receipts.....	88,945,385	143,412,715	260,387,692	280,896,210	326,552,784	374,590,273
Interest received.....	219,698	614,583	2,073,650	r2,762,556	3,540,430	3,851,628
Total deductions.....	89,070,022	144,717,309	262,116,275	288,574,577	335,696,154	382,823,113
Cost of sales and operations.....	73,434,969	116,845,554	208,064,925	221,189,268	257,057,538	295,803,244
Interest paid.....	711,496	1,973,244	4,278,502	4,861,075	5,990,178	6,407,652
Net income (less deficit).....	1,538,418	2,236,262	5,271,209	2,265,564	2,906,704	4,370,924
Net income.....	2,548,013	4,514,864	8,911,143	7,990,419	9,147,150	11,053,145
Deficit.....	1,009,595	2,278,602	3,639,934	5,724,855	6,240,445	6,682,220
Income tax before credits.....	776,979	1,320,196	2,521,507	1,859,927	1,767,756	2,312,846
Total income tax after credits ³	756,637	1,131,960	1,973,659	r1,393,074	1,296,301	1,662,563
Distributions to stockholders except in own stock.....	299,204	464,553	793,764	846,579	738,873	n.a.
MANUFACTURING						
Number of returns, total.....	197,807	217,354	242,550	261,927	272,050	276,545
Number with net income.....	120,814	136,839	153,640	152,304	162,584	159,778
Total assets.....	612,912,516	944,581,970	1,709,471,700	2,232,987,922	2,417,631,605	2,644,393,424
Net worth.....	308,923,293	442,587,674	749,186,774	953,108,742	1,025,028,491	1,099,645,876
Total receipts.....	722,952,890	1,296,359,650	2,404,323,844	2,552,830,718	2,768,247,655	2,831,062,496
Business receipts.....	700,090,661	1,258,338,650	2,301,056,550	2,418,344,305	2,608,971,901	2,656,345,750
Interest received.....	4,748,499	8,691,092	28,315,784	37,958,034	42,749,996	47,753,626
Total deductions.....	692,455,462	1,230,689,496	2,290,593,808	2,469,257,725	2,661,153,853	2,733,105,346
Cost of sales and operations.....	495,879,549	925,111,030	1,707,143,900	1,678,378,729	1,796,313,155	1,797,852,805
Interest paid.....	12,570,242	22,055,903	54,177,356	73,973,082	85,039,616	90,452,072
Net income (less deficit).....	31,846,078	68,406,627	125,667,815	95,330,965	121,215,254	113,758,645
Net income.....	37,925,489	74,466,554	141,547,510	124,417,490	147,852,003	142,541,119
Deficit.....	6,079,411	6,059,927	15,879,695	29,086,525	26,636,749	28,782,474
Income tax before credits.....	16,744,905	32,306,739	59,577,413	50,950,876	58,542,710	56,687,476
Total income tax after credits ³	13,242,226	21,024,964	32,726,986	24,527,921	30,429,379	25,382,459
Distributions to stockholders except in own stock.....	14,616,282	19,973,061	37,306,509	43,295,901	45,630,537	n.a.

Selected Historical Data

Table 14. (Continued)—Corporation Income Tax Returns: Selected Balance Sheet, Income Statement, and Tax Items by Industrial Division, for Selected Income Years, 1970–1985

[All figures are estimates based on samples—money amounts are in thousands of dollars]

Industrial division and items	1970	1975	1980	1983	1984	1985
	(1)	(2)	(3)	(4)	(5)	(6)
TRANSPORTATION AND PUBLIC UTILITIES						
Number of returns, total.....	67,398	80,701	111,324	122,567	128,184	138,337
Number with net income.....	38,204	45,360	62,232	61,588	65,405	69,938
Total assets.....	287,740,207	443,236,797	758,364,400	998,870,785	1,084,873,718	1,246,426,899
Net worth.....	121,205,022	176,444,407	290,655,693	394,284,132	423,937,357	490,481,127
Total receipts.....	135,495,271	243,480,637	523,807,396	657,421,487	725,631,232	772,358,188
Business receipts.....	131,463,171	234,689,427	507,372,820	627,836,585	693,105,168	733,943,970
Interest received.....	930,266	1,520,913	5,760,072	9,491,678	11,250,353	12,310,594
Total deductions.....	127,931,131	233,409,166	503,954,372	638,194,372	697,240,089	747,836,158
Cost of sales and operations.....	77,743,359	143,932,463	336,868,172	339,191,696	373,236,459	381,028,354
Interest paid.....	7,364,200	13,761,062	27,638,591	36,787,550	40,178,514	44,880,858
Net income (less deficit).....	7,543,718	10,099,571	20,046,155	19,492,314	28,851,644	25,087,629
Net income.....	9,471,595	12,088,189	24,917,293	28,040,349	37,897,899	37,880,144
Deficit.....	1,927,877	1,988,618	4,871,138	8,548,036	9,041,255	12,792,516
Income tax before credits.....	4,342,334	5,107,158	10,532,722	11,621,625	15,579,597	15,214,129
Total income tax after credits ³	4,036,650	2,836,470	5,322,655	5,430,069	8,532,848	8,432,924
Distributions to stockholders except in own stock.....	5,837,565	8,900,353	17,329,807	24,540,824	27,505,378	n.a.
WHOLESALE AND RETAIL TRADE						
Number of returns, total.....	518,062	614,632	799,628	851,785	896,524	917,301
Number with net income.....	339,987	399,668	487,300	492,057	516,750	510,825
Total assets.....	192,181,800	323,496,726	646,901,005	804,242,963	899,032,645	1,009,965,739
Net worth.....	77,002,132	122,649,734	222,289,687	265,222,391	289,338,722	286,260,274
Total receipts.....	522,547,923	969,938,872	1,955,523,778	2,119,444,862	2,307,612,139	2,473,865,453
Business receipts.....	511,316,883	951,463,550	1,919,347,689	2,071,264,407	2,250,774,641	2,408,174,933
Interest received.....	1,291,906	3,857,318	10,503,989	15,049,512	18,406,334	21,633,480
Total deductions.....	512,910,193	947,511,780	1,919,454,218	2,084,482,953	2,265,843,128	2,440,403,373
Cost of sales and operations.....	392,391,856	745,299,204	1,538,128,634	1,626,952,423	1,759,718,001	1,869,766,621
Interest paid.....	4,309,663	8,587,173	25,645,855	27,598,584	33,204,502	38,217,998
Net income (less deficit).....	9,671,044	22,489,430	38,309,671	35,292,870	42,010,706	33,126,702
Net income.....	12,395,411	27,681,721	49,426,500	50,844,081	58,584,558	51,434,500
Deficit.....	2,724,367	5,192,291	11,116,829	15,551,210	16,573,852	18,307,798
Income tax before credits.....	4,476,047	8,103,316	13,515,653	12,910,870	15,082,817	16,392,896
Total income tax after credits ³	4,237,181	7,348,619	10,564,358	10,698,145	12,414,978	13,396,555
Distributions to stockholders except in own stock.....	2,068,501	5,029,897	10,343,087	12,722,120	13,057,047	n.a.
FINANCE, INSURANCE, AND REAL ESTATE						
Number of returns, total.....	406,235	411,846	493,426	479,656	497,366	518,432
Number with net income.....	248,586	243,409	273,853	269,267	274,171	285,273
Total assets.....	1,401,153,520	2,321,965,956	4,022,206,073	5,487,225,439	5,938,984,929	7,029,452,681
Net worth.....	196,480,448	269,770,527	530,541,317	816,806,465	901,668,317	1,161,968,009
Total receipts.....	177,321,173	315,795,981	697,460,846	902,822,472	1,033,146,416	1,182,034,309
Business receipts.....	92,091,887	157,126,715	256,892,475	362,627,365	431,157,290	501,993,840
Interest received.....	63,694,046	127,040,303	315,146,115	439,937,980	497,044,327	541,268,193
Total deductions.....	161,630,060	297,963,817	652,637,787	856,678,689	985,687,308	1,104,572,202
Cost of sales and operations.....	48,434,362	84,614,209	129,644,330	172,818,057	172,655,427	237,577,803
Interest paid.....	34,548,509	77,677,659	219,167,684	310,356,963	347,164,947	363,009,417
Net income (less deficit).....	12,214,079	11,663,330	33,122,792	31,714,771	32,677,046	30,670,526
Net income.....	15,081,939	18,825,003	46,040,390	60,113,503	66,225,666	90,546,934
Deficit.....	2,867,860	7,161,673	12,917,599	28,398,732	33,548,620	29,876,408
Income tax before credits.....	4,404,449	5,558,647	9,680,755	8,540,701	9,619,055	13,598,201
Total income tax after credits ³	4,150,009	4,673,705	7,699,628	5,697,444	6,730,460	10,193,877
Distributions to stockholders except in own stock.....	7,387,211	8,729,977	24,692,146	41,592,101	51,315,346	n.a.
SERVICES						
Number of returns, total.....	281,218	435,672	671,338	848,394	899,370	939,390
Number with net income.....	150,525	249,641	408,716	481,888	508,336	529,337
Total assets.....	61,875,140	90,534,067	178,163,737	269,797,251	307,895,160	330,982,941
Net worth.....	19,529,062	26,855,374	52,865,513	74,710,659	84,773,772	89,852,365
Total receipts.....	69,572,626	131,377,364	279,883,187	416,462,427	490,332,811	534,587,609
Business receipts.....	66,459,515	125,747,462	266,088,619	392,064,594	458,038,533	497,980,990
Interest received.....	435,070	875,506	3,269,412	4,880,958	6,277,591	6,561,301
Total deductions.....	68,384,452	127,996,443	271,792,974	410,486,562	484,990,160	528,685,613
Cost of sales and operations.....	37,733,747	63,724,869	129,352,692	143,277,759	170,889,613	176,070,808
Interest paid.....	1,802,802	3,279,438	8,033,612	11,798,141	14,068,343	15,027,259
Net income (less deficit).....	1,198,703	3,396,744	8,193,903	6,002,928	5,464,130	5,883,782
Net income.....	3,384,869	6,025,592	13,246,601	16,959,225	19,373,912	21,124,460
Deficit.....	2,186,166	2,628,848	5,052,698	10,956,298	13,909,782	15,240,678
Income tax before credits.....	1,058,264	1,625,093	3,497,265	3,779,735	4,458,267	4,742,347
Total income tax after credits ³	1,003,130	1,323,637	2,603,370	2,680,663	3,175,178	3,343,830
Distributions to stockholders except in own stock.....	558,452	855,402	1,841,945	2,407,362	3,126,700	n.a.

See notes following Table 20.

Selected Historical Data

Table 15.—Corporation Profits Before Taxes Per National Income and Product Accounts (NIPA) and Per SOI, and Income Subject to Tax per SOI, Income Years, 1960–1987

[All figures are estimates—money amounts are in billion of dollars]

Income Year	Profits before taxes (per NIPA) †	Net income (less deficit) (per SOI)	Income subject to tax (per SOI)
	(1)	(2)	(3)
1960.....	49.9	43.5	47.2
1961.....	49.8	45.9	47.9
1962.....	55.1	49.6	51.7
1963.....	59.8	54.3	54.3
1964.....	66.7	61.6	60.4
1965.....	77.4	73.9	70.8
1966.....	83.3	80.5	77.1
1967.....	80.1	78.2	74.8
1968.....	89.1	86.0	81.4
1969.....	87.2	80.2	81.2
1970.....	76.0	65.9	72.4
1971.....	87.3	79.7	83.2
1972.....	101.5	96.8	95.1
1973.....	122.2	120.4	115.5
1974.....	138.9	148.2	144.0
1975.....	134.8	142.6	146.6
1976.....	170.3	185.4	183.5
1977.....	200.4	219.2	212.5
1978.....	233.5	246.9	239.6
1979.....	257.2	284.6	279.4
1980.....	237.1	239.0	246.6
1981.....	226.5	213.6	241.5
1982.....	169.6	154.3	205.2
1983.....	207.6	188.3	218.7
1984.....	240.0	232.9	257.1
p1985.....	224.3	240.1	266.1
p1986.....	236.4	n.a.	n.a.
p1987.....	276.7	n.a.	n.a.

See notes following Table 20.

Selected Historical Data

Table 16.—Gross Internal Revenue Collections: Amount Collected by Quarter and Fiscal Year, 1984–1988

[Money amounts are in millions of dollars]

Quarter and fiscal year	Amount collected by type of return					
	Total	Individual income taxes ¹	Corporation income taxes ²	Excise taxes ³	Employment taxes ⁴	Estate and gift taxes
	(1)	(2)	(3)	(4)	(5)	(6)
FISCAL YEAR 1984, TOTAL	680,475	362,892	74,179	38,017	199,210	6,177
October 1983 – December 1983	141,849	73,379	16,208	9,654	41,132	1,476
January 1984 – March 1984	164,681	89,316	14,337	8,862	50,545	1,622
April 1984 – June 1984	208,814	114,525	25,990	9,680	57,061	1,558
July 1984 – September 1984	165,131	85,672	17,644	9,822	50,472	1,521
FISCAL YEAR 1985, TOTAL	742,871	396,659	77,413	37,005	225,214	6,580
October 1984 – December 1984	155,919	79,775	17,546	9,732	47,286	1,580
January 1985 – March 1985	176,324	89,325	17,350	8,650	59,352	1,647
April 1985 – June 1985	233,946	136,141	24,843	9,013	62,313	1,636
July 1985 – September 1985	176,682	91,418	17,674	9,610	56,263	1,717
FISCAL YEAR 1986, TOTAL	782,252	416,965	80,442	33,672	243,978	7,195
October 1985 – December 1985	167,836	86,608	18,854	9,321	51,354	1,699
January 1986 – March 1986	186,178	97,804	16,243	8,175	62,309	1,647
April 1986 – June 1986	240,680	134,129	25,703	8,191	70,687	1,970
July 1986 – September 1986	187,558	98,424	19,642	7,985	59,628	1,879
FISCAL YEAR 1987, TOTAL	886,290	465,452	102,859	33,311	277,000	7,668
October 1986 – December 1986	180,580	92,346	22,466	8,281	55,615	1,872
January 1987 – March 1987	209,032	105,483	22,649	7,925	71,156	1,819
April 1987 – June 1987	285,477	164,008	29,748	8,493	81,139	2,089
July 1987 – September 1987	211,201	103,615	27,996	8,612	69,090	1,888
FISCAL YEAR 1988, TOTAL	935,107	473,667	109,683	25,934	318,039	7,784
October 1987 – December 1987	197,095	97,479	24,828	6,475	66,500	1,813
January 1988 – March 1988	220,447	111,215	22,006	5,304	80,161	1,761
April 1988 – June 1988	296,175	160,018	35,991	6,550	91,426	2,190
July 1988 – September 1988	221,390	104,955	26,858	7,605	79,952	2,020

See notes following Table 20.

Table 17.—Internal Revenue Refunds: Amount Refunded by Quarter and Fiscal Year, 1984–1988

[Money amounts are in millions of dollars]

Quarter and fiscal year	Amount refunded by type of return					
	Total	Individual income taxes ¹	Corporation income taxes ²	Excise taxes ³	Employment taxes ⁴	Estate and gift taxes
	(1)	(2)	(3)	(4)	(5)	(6)
FISCAL YEAR 1984, TOTAL	85,872	64,629	17,889	657	2,486	211
October 1983 – December 1983	7,201	2,064	4,548	195	325	69
January 1984 – March 1984	25,285	19,613	4,850	129	646	47
April 1984 – June 1984	44,859	38,161	5,452	230	968	47
July 1984 – September 1984	8,527	4,790	3,039	103	547	48
FISCAL YEAR 1985, TOTAL	86,322	66,908	16,725	892	1,606	191
October 1984 – December 1984	6,729	2,246	4,177	122	138	46
January 1985 – March 1985	17,664	12,808	4,286	91	439	40
April 1985 – June 1985	52,376	46,370	4,701	556	702	47
July 1985 – September 1985	9,551	5,484	3,561	123	326	57
FISCAL YEAR 1986, TOTAL	94,424	73,078	18,297	962	1,800	287
October 1985 – December 1985	7,948	3,003	4,268	128	488	61
January 1986 – March 1986	25,895	19,950	4,997	320	577	51
April 1986 – June 1986	50,200	44,375	5,058	232	435	100
July 1986 – September 1986	10,381	5,750	3,974	282	300	75
FISCAL YEAR 1987, TOTAL	96,969	73,583	19,891	1,381	1,900	214
October 1986 – December 1986	8,668	3,406	4,789	111	312	50
January 1987 – March 1987	28,422	22,198	5,296	479	1,393	56
April 1987 – June 1987	50,063	42,858	5,948	332	1,869	57
July 1987 – September 1987	9,816	5,121	3,858	459	326	52
FISCAL YEAR 1988, TOTAL	94,480	74,399	16,477	1,114	2,263	227
October 1987 – December 1987	7,701	3,437	3,727	207	275	55
January 1988 – March 1988	27,798	21,744	5,248	198	553	55
April 1988 – June 1988	49,202	43,769	3,848	421	1,114	50
July 1988 – September 1988	9,776	5,449	3,654	288	321	67

See notes following Table 20.

Selected Historical Data

Table 18.—Classes of Excise Taxes by Selected Fiscal Years, 1970–1988

[Money amounts are in thousands of dollars]

Selected class of tax	Taxes collected by fiscal year					
	1970	1975	1980	1985	1987	1988
	(1)	(2)	(3)	(4)	(5)	(6)
ALCOHOL AND TOBACCO TAXES, TOTAL	6,840,594	7,665,948	8,151,184	9,881,293	10,364,367	10,35,709
Distilled spirits	3,501,538	3,865,162	3,945,377	3,520,697	3,799,226	3,813,516
Wine	163,337	177,113	211,538	305,966	316,457	322,613
Beer	1,081,507	1,308,583	1,547,853	1,571,436	1,675,669	1,693,747
Cigarettes	2,036,101	2,261,116	2,402,857	4,448,916	4,573,015	4,522,833
Cigars	56,834	51,226	39,500	24,294		
MANUFACTURERS EXCISE TAXES, TOTAL	6,683,061	5,516,811	6,487,421	10,020,574	10,221,574	10,643,379
Gasoline and lubricating oil	3,517,586	4,071,465	4,326,549	9,062,630	9,163,790	9,453,441
Tires, tubes and tread rubber ¹	614,795	697,660	682,624	242,923	296,408	319,141
Motor vehicles, bodies, parts ²	1,753,327	662,556	1,088,696	N/A	N/A	N/A
Recreational products	53,427	84,946	136,521	166,666	186,608	169,663
Black Lung taxes	N/A	N/A	251,288	548,356	574,769	601,279
SPECIAL FUELS, AND RETAILERS TAXES, TOTAL ³	257,820	404,187	560,144	3,802,608	3,762,284	4,528,300
Diesel and special motor fuels	257,712	370,489	512,718	2,430,165	2,659,404	3,119,934
Trucks and buses	N/A	N/A	N/A	1,289,750	1,020,553	1,155,808
MISCELLANEOUS EXCISE TAXES, TOTAL	2,084,730	3,306,077	6,359,198	11,044,833	17,255,284	8,717,082
Telephone and teletype ⁴	1,469,562	2,023,744	1,117,834	2,307,607	2,522,062	2,555,082
Air transportation	250,802	850,567	1,748,837	2,589,818	2,913,249	3,145,422
Highway use tax	135,086	207,663	263,272	456,143	556,006	570,053
Foreign insurance	8,614	19,458	74,630	73,494	115,133	97,270
Exempt organization net investment income	N/A	63,828	65,280	136,153	218,102	229,379
Crude oil windfall profit	N/A	N/A	3,051,719	5,073,159	14,910	372,847
Environmental taxes ⁵	N/A	N/A	N/A	272,957	407,167	924,951

Selected class of tax	Fiscal year quarter ending					
	June 1987	Sept. 1987	Dec. 1987	March 1988	June 1988	Sept. 1988
	(7)	(8)	(9)	(10)	(11)	(12)
ALCOHOL AND TOBACCO TAXES, TOTAL	1,446,495	3,191,354	2,937,754	2,274,408	2,690,321	2,450,226
Distilled spirits	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Wine	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Beer	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Cigarettes	1,186,882	n.a.	n.a.	n.a.	n.a.	n.a.
Cigars	13,102	n.a.	n.a.	n.a.	n.a.	n.a.
MANUFACTURERS EXCISE TAXES, TOTAL	2,480,742	2,602,589	2,695,686	2,602,434	2,635,847	2,709,412
Gasoline and lubricating oil	2,222,664	2,329,196	2,415,076	2,317,004	2,322,096	2,402,290
Tires, tubes and tread rubber ¹	66,151	75,723	80,819	83,000	76,461	78,861
Recreational products	53,374	49,992	47,944	45,957	50,634	45,474
Black Lung taxes	138,552	147,679	151,849	156,473	146,735	146,222
SPECIAL FUELS AND RETAILERS TAXES, TOTAL ³	882,798	1,026,600	981,117	1,021,290	963,679	1,562,215
Diesel and special motor fuels	637,857	703,399	682,194	703,431	661,684	1,101,412
Trucks and buses, chassis, bodies, etc.	224,059	302,148	277,933	297,710	281,747	298,417
MISCELLANEOUS EXCISE TAXES, TOTAL	2,077,536	1,971,226	1,789,207	2,094,963	2,051,243	2,781,670
Telephone and teletype ⁴	679,331	579,782	741,777	379,100	740,637	693,568
Air transportation	636,949	757,560	783,855	719,181	830,224	812,162
Highway use tax	91,726	278,159	47,251	126,368	96,212	300,221
Foreign insurance	31,321	23,968	25,233	26,802	23,383	21,853
Exempt organization net investment income	121,962	30,567	19,385	32,558	19,011	158,425
Crude oil windfall profit	250,915	-228,840	-122,710	501,123	17,108	22,674
Environmental taxes ⁵	203,010	204,157	224,517	224,758	228,248	247,428

See notes following Table 20.

Table 19.—Selected Returns and Forms Filed or to be Filed During Selected Calendar Years, 1970–1989

Type of return or form	Number Filed in Calendar Year—						
	1970	1975	1980	1985	1987	1988	1989 (Projected)
	(1)	(2)	(3)	(4)	(5)	(6)	(7)
Individual income	77,281,384	84,026,785	93,196,076	99,704,246	103,462,011	107,258,962	110,014,300
Form 1040	77,143,251	61,450,279	55,360,030	64,010,068	68,545,023	71,055,220	70,041,700
Nonbusiness	68,129,351	51,377,153	43,957,141	49,873,300	53,736,837	55,817,370	p54,044,200
Business	9,013,900	10,073,126	11,402,889	14,136,768	14,808,186	15,237,850	p15,997,500
Schedule C	6,351,304	7,438,968	8,944,298	11,767,348	12,633,261	13,125,507	p13,917,800
Schedule F	2,662,596	2,634,158	2,458,591	2,369,420	2,174,925	2,112,343	p2,079,700
Form 1040A	N/A	22,462,776	37,692,282	18,779,084	17,870,312	17,645,149	20,036,300
Form 1040EZ	N/A	N/A	N/A	16,739,767	16,835,390	18,328,572	19,695,700
Other ¹	138,133	113,730	143,764	175,327	211,286	230,021	240,500
Corporation income	1,758,600	2,132,758	2,675,704	3,437,249	3,828,613	4,027,428	4,249,400
Forms 1120, L, and M	1,487,244	1,762,920	2,115,542	2,432,265	2,550,692	2,472,376	2,600,400
Form 1120A	N/A	N/A	N/A	199,665	300,760	285,777	300,600
Form 1120S	248,936	367,219	528,070	736,945	892,376	1,169,736	1,260,200
Other ²	1,414	2,619	32,092	68,374	84,785	99,539	88,300
Partnership, Form 1065	991,904	1,132,839	1,401,567	1,755,339	1,824,166	1,825,865	1,890,500
Fiduciary, Forms 1041 and 1041S	1,149,445	1,558,570	1,876,392	2,124,969	2,335,805	2,669,014	2,480,400
Estate Tax, Forms 706 and 706NA	141,156	225,827	147,303	80,768	57,165	52,449	56,100
Gift Tax, Form 709	146,338	273,184	214,789	97,720	104,095	104,105	105,700
Exempt Organization	387,469	403,809	442,607	454,097	514,947	482,305	507,900
Form 990	377,030	346,627	362,632	365,506	400,332	361,184	385,000
Form 990-PF	N/A	29,637	33,137	32,005	42,227	42,690	42,700
Form 990-T	5,046	19,683	23,455	26,181	33,156	35,635	37,200
Forms 990C, 4720, and 5227	5,393	7,862	23,383	30,405	39,232	42,796	42,900

See notes on following Table 20.

Table 20.—Taxpayers Receiving Assistance, Paid and Unpaid, by Tax Year of Return, 1984–1987

[Some estimates based on samples—all amounts are in thousands]

Type of assistance	Tax Year			
	1984	1985	1986	1987
	(1)	(2)	(3)	(4)
Returns with paid preparer signature: ¹				
All returns	45,220	46,685	48,049	50,695
1040EZ	728	740	655	842
1040A	4,470	4,389	4,135	3,947
1040, total	40,022	41,556	43,259	45,906
1040 Business, total	10,081	10,658	11,087	11,321
Nonfarm	8,288	8,924	9,385	9,747
Farm	1,793	1,734	1,702	1,574
1040 Nonbusiness, total	29,941	30,898	32,172	34,585
With itemized deductions	17,866	18,996	18,732	16,842
Without itemized deductions	12,075	11,902	12,627	17,743
Assistance provided by IRS: ²				
Telephone inquiries	41,904	37,863	34,655	38,526
Recorded telephone information	8,307	7,850	10,892	13,405
Office walk-ins, information	8,144	8,114	7,090	7,408
Written inquiries	160	241	169	166
Special programs:				
Community classes and seminars (taxpayers assisted)	400	374	903	1,103
Volunteer Income Tax Assistance (VITA) (returns prepared)	295	302	337	385
Tax Counseling for the Elderly (returns prepared)	199	333	331	375

See notes on following page.

General notations

N/A - Not applicable

n.a. - Not available

p - Preliminary

r - Revised

* - See Appendix, General Description of Statistics of Income Sample Procedures and Data Limitations.

Table 1

- [1] Excludes certain capital gain distributions from investment companies.
- [2] Includes total itemized deductions before subtraction of zero bracket amount, and charitable contributions and zero bracket amount on non-itemized deduction returns.
- [3] Includes itemized deductions, basic standard deduction and additional standard deduction. Excludes "zero bracket amount" reported on the small number of prior-year returns filed in 1988 that were included in the 1987 statistics.
- [4] Includes deductions not shown separately below.
- [5] Includes surcharge of \$2,018,078,000.
- [6] Includes credits not shown separately below.
- [7] Investment credit (generally not applicable after 1985) was included in the more-inclusive general business tax credit beginning with 1984.
- [8] Includes income tax after credits and the additional tax for tax preferences, i.e., "minimum tax" (applicable for 1970-1982) and "alternative minimum tax" (applicable after 1979).

SOURCE: *Statistics of Income—Individual Income Tax Returns*, appropriate years. Data are subject to sampling error. Tax law and tax form changes affect the year-to-year comparability of the data. See the specific Statistics of Income reports for a description of sampling error and of the changes mentioned above.

Table 2

- [1] Totals in Table 2 do not agree with Tables 1 and 3 because they were obtained from a different source. For purposes of Table 2:

- a. Number of returns by State include, in addition to Forms 1040, 1040A and 1040EZ filed by U.S. citizens and residents, Forms 1040NR filed by non-resident aliens, as well as self-employment tax returns used in Puerto Rico and certain U.S. territories and possessions.
- b. "Total tax" liability includes total income tax plus tax from recomputing prior-year investment credit, tax applicable to Individual Retirement Arrangements (IRA's), self-employment tax, social security tax on tip income, and certain other income-related taxes. Total tax is before reduction by earned income credit (see also footnote 2(c), below).
- c. Earned income credit, available to certain low-income workers, could result in a refund (1) if there was no "total tax" (as defined in footnote 2(b), above), in which case the full amount was refundable, or (2) if the credit exceeded "total tax," in which case the excess was refundable. The difference between columns 19 and 21 is the refundable portion.

Total tax (column 16) minus earned income credit (column 19) is the amount most comparable to total tax in Tables 1 and 3. The total tax which results from this subtraction differs from Tables 1 and 3 because it includes additional taxes (see footnote 2(b), above) and because earned income credit used to offset tax also includes both the refundable portion (see footnote 2(c)), as well as amounts offset against these additional taxes.

- [2] Includes, for example, returns filed from Army Post Office and Fleet Post Office addresses by service men and women stationed overseas; returns filed by other U.S. citizens abroad; and returns filed by residents of Puerto Rico with income from sources outside Puerto Rico or with income earned as U.S. Government employees.

NOTE: This table presents aggregates of all returns filed and processed through the Individual Master File (IMF) system during Calendar Year 1988. Data have not been edited for Statistics of Income purposes.

SOURCE: Internal Revenue Service, Tax Processing Systems Division, IMF Returns Systems Branch.

Table 3

- [1] Includes returns with adjusted gross deficit.
- [2] In addition to low income taxpayers, this size class (and others) includes taxpayers with "tax preferences," not reflected in adjusted gross income or taxable income,

which are subject to the "alternative minimum tax" (included in "total income tax").

- [3] Includes income tax after credits and the additional tax for tax preferences, i.e., the "alternative minimum tax" (see footnote 2).
- [4] Because of major conceptual changes in the definition of adjusted gross income (AGI) for 1987, percentages based on AGI are not comparable with 1986 and earlier years. See "Individual Income Tax Returns, Preliminary 1987" in this issue of the *Bulletin* for a discussion of these changes.

SOURCE: *Statistics of Income—Individual Income Tax Returns*, appropriate years. Data are subject to sampling error. Tax law and tax form changes affect the year-to-year comparability of the data. See the specific *Statistics of Income* reports for a description of sampling error and of the changes mentioned above.

Table 4

- [1] Imputed interest received by persons from life insurance carriers and private non-insured pension plans.
- [2] Represents income of low-income individuals not required to file individual income tax returns, unreported income, and statistical errors or omissions.

SOURCE: U.S. Department of Commerce, Bureau of Economic Analysis, *The National Income and Product Accounts of the United States, 1929–82: Statistical Tables, 1986*; for years after 1982, *Survey of Current Business*, various issues. For the revised 1986 data in Table 4, see Park, Thae S. and Reeb, Jane S., "Personal Income and Adjusted Gross Income 1984–1986," *Statistics of Income Bulletin*, Winter 1988–1989, Volume 8, Number 3. *Statistics of Income* data are subject to sampling error; tax law and tax form changes affect the year-to-year comparability of the data. See the specific *Statistics of Income* reports for a description of sampling error and of the changes mentioned above.

Tables 5 and 6

- [1] See Table 4 for the differences between personal income and adjusted gross income.

SOURCE: U.S. Department of Commerce, Bureau of Economic Analysis, *The National Income and Product Accounts of the United States, 1929–82: Statistical Tables, 1986*; for years after 1982, *Survey of Current Business*, various issues. For the revised 1986 data in Table 4, see Park, Thae S. and Reeb, Jane S., "Personal Income and Adjusted Gross Income 1984–1986," *Statistics of Income*

Bulletin, Winter 1988–1989, Volume 8, Number 3. *Statistics of Income* data are subject to sampling error; tax law and tax form changes affect the year-to-year comparability of the data. See the specific *Statistics of Income* reports for a description of sampling error and of the changes mentioned above.

Table 7

- [1] Amount of standard deduction for 1944–1957 estimated by Joseph A. Pechman, The Brookings Institution, on the basis of the distribution of the number of tax returns by income classes and marital status in *Statistics of Income—Individual Income Tax Returns*, and for 1958–1987 obtained directly from *Statistics of Income* tabulations for these years. Represents "zero bracket amount" for 1977–1986. For 1987, represents the sum of "basic" and "additional" (for age 65 and over and blindness) standard deductions; also includes zero bracket amount reported on the small number of prior-year returns filed in 1988 that were included in the 1987 statistics.
- [2] Returns with standard deduction, 1955–1987, includes a small number with no adjusted gross income and no deductions. (For 1977–1986, standard deduction is the "zero bracket amount," which was also reported on a small number of returns included in the 1987 statistics; see footnote 1.) For 1944–1954, includes a small number with no adjusted gross income and no deductions. For 1944–1954, returns with no adjusted gross income are included in the number of returns with itemized deductions.
- [3] For 1977–1986, itemized deductions are before subtraction of "zero bracket amount."
- [4] Sum of standard and itemized deductions, plus charitable deduction reported on standard deduction returns for Tax Years 1982–1986. For 1987, total deductions includes "zero bracket amount" reported on a small number of returns (see footnote 1).

SOURCE: Except as indicated in footnote 1, *Statistics of Income—Individual Income Tax Returns*, and unpublished tables, appropriate years. Data are subject to sampling error. Tax law and form changes affect the year-to-year comparability of the data. See the specific *Statistics of Income* reports for a description of sampling error and of changes mentioned above.

Table 8

- [1] See Table 4 for the differences between personal income and adjusted gross income.

[2] Taxable income excludes "zero bracket amount" for 1977-1986.

[3] For the definition of total income tax, see footnote 6, Table 1.

[4] Percentage not computed because preliminary SOI data for taxable income and tax may not be altogether comparable with Department of Commerce estimate for personal income.

SOURCE: U.S. Department of Commerce, Bureau of Economic Analysis, *The National Income and Product Accounts of the United States, 1929-82: Statistical Tables, 1986*; for years after 1982, *Survey of Current Business*, various issues; and *Statistics of Income—Individual Income Tax Returns*, appropriate years. Statistics of Income data are subject to sampling errors; tax law and tax form changes affect the year-to-year comparability of the data. See the specific Statistics of Income reports for a description of sampling error and of the changes mentioned above.

Table 9

[1] Excludes returns with refundable earned income credit only, starting with 1975; and returns with refundable crude oil windfall profit tax overpayment only, starting with 1980.

SOURCE: *Statistics of Income—Individual Income Tax Returns*, and unpublished tables; appropriate years. Data are subject to sampling error. Tax law and tax form changes affect the year-to-year comparability of the data. See the specific Statistics of Income reports for a description of sampling error and of the changes mentioned above.

Table 10

SOURCE: *Statistics of Income—Sole Proprietorship Returns*, appropriate years, and *SOI Bulletin*, Summer issues. Data are subject to sampling error. Tax law and tax form changes affect the year-to-year comparability of the data. See the specific Statistics of Income reports for a description of sampling error and of the changes mentioned above.

Table 11

[1] Total assets, total liabilities, and partners' capital account are somewhat understated because not all partnership returns included a complete balance sheet.

[2] Short-term debt is the abbreviated title given to mortgages, notes, and bonds payable in less than 1 year.

[3] Long-term debt is the abbreviated title given to mortgages, notes, and bonds payable in 1 year or more. In addition, for Tax Year 1975, long-term debt included nonrecourse loans.

[4] See footnote 4, Table 12, for changes in the comparability of the statistics for receipts and deductions after 1980. Also, statistics for interest received are combined with dividends beginning with 1982.

[5] After 1980, represents the more all-inclusive amounts reported in depreciation computation schedules rather than the amounts reported as the depreciation deduction (augmented by depreciation identified in cost of sales and operations schedules).

SOURCE: *Statistics of Income—Partnership Returns*, appropriate years, and *SOI Bulletin*, Summer issues. Data are subject to sampling error. Tax law and tax form changes affect the year-to-year comparability of the data. See the specific Statistics of Income reports for a description of sampling error and of the changes mentioned above.

Table 12

[1] Size classes are based on business receipts, i.e., gross amounts from sales and operations, for industries except those in finance, insurance and real estate. For the latter industries, total receipts, which is the sum of business receipts and investment income, was used. For partnerships, see also footnote 4, below.

[2] Includes returns with no receipts as defined in footnote 1.

[3] Includes corporations with zero assets and liabilities. In addition, for partnerships, includes partnerships without balance sheet information (see also footnote 5, below).

[4] After 1980, "total receipts" in Table 11 includes, in part, only the net income or loss from farming and rentals. Previously, "total receipts" included the gross receipts from farming and rentals and, if rental receipts were the principal source of total receipts, they were treated as "business receipts" for the statistics. To help minimize the break in comparability caused by this change in statistical treatment of farm and rental income, an effort was made starting with 1981 to include rental (though not farm) gross receipts in the receipts used for the size distribution in Table 12. In Table 11, since only the net income or loss from farming and rentals was included starting with 1981, the deductions reported in computing these net incomes are excluded from the deduction statistics. For previous years, these deductions are reflected in the deduction statistics.

[5] Prior to 1979, partnerships that had liquidated were assumed to have zero assets and liabilities, even if their balance sheets showed otherwise, and were included in the "under \$25,000" asset size class. Beginning with 1980, balance sheet data reported for liquidated partnerships were tabulated as reported and were included in the appropriate asset size classes.

SOURCE: *Statistics of Income—Corporation Income Tax Returns*, appropriate years, *Statistics of Income—Partnership Returns*, appropriate years, *Statistics of Income—Sole Proprietorship Returns*, appropriate years, and *SOI Bulletin*, Summer issues. Tax law and tax form changes affect the year-to-year comparability of the data. See the appropriate Statistics of Income reports for a description of sampling error and of the changes mentioned above.

Table 13

[*] Estimate should be used with caution because of the small number of sample returns on which it is based.

[1] Consolidated returns were filed on an elective basis for affiliated groups of corporations (with exceptions), in general, if 80 percent or more of the stock of the affiliates was owned within the group and a common parent corporation owned at least 80 percent of the stock of at least one of the affiliates.

[2] Included in "Number of returns, total" and "Number with net income."

[3] Generally, small corporations with no more than 35 shareholders (10 prior to 1983), most of them individuals, electing to be taxed at the shareholder level.

[4] Domestic International Sales Corporations (DISC's) were designed to promote U.S. exports. They were taxed through parent corporations, but only when profits were distributed or deemed distributed to them. This system of tax deferral was generally replaced after 1984 with a new system of Foreign Sales Corporations (FSC's); see footnote 5. Tax benefits of DISC's remaining after 1984 were limited and an interest charge for tax deferred amounts was imposed on the parent corporations.

[5] Foreign Sales Corporations (FSC's) generally replaced DISC's as a means of promoting U.S. exports (see footnote 4). Under the FSC provisions, a portion of these subsidiaries' "foreign trade income" was exempt from U.S. income tax.

[6] For 1984, net long-term for capital gain reduced by net short-term capital loss from Forms 1120S, are not included in computed total receipts nor in net income.

Therefore, the components of total receipts do not equal the computed total receipts for that year.

[7] Includes dividends reported in combination with interest on Form 1120-S by S Corporations, i.e., certain corporations that elect to be taxed through shareholders (see footnote 3). Based on prior years, when Form 1120-S required each to be reported separately, nearly all of the combined amount represents interest.

[8] For most years, "income subject to tax" (the corporate tax base) exceeds "net income less deficit" chiefly because of the deficits reported on returns without net income. Moreover, it is the sum of the several tax bases applicable over time to different classes of corporations, not all of which were directly related to net income. Income subject to tax thus includes the "taxable income" base used by most companies (and defined as net income minus certain statutory special deductions); a variation of this base in combination with net long-term capital gains in certain situations when the lower capital gains tax applied; the special tax bases applicable to S Corporations and insurance businesses; and the amounts taxable to certain investment companies. Profits of Domestic International Sales Corporations were tax-deferred; most of those of qualifying Foreign Sales Corporations were tax-exempt and those of S Corporations were taxed (with few exceptions) through their individual shareholders, so that the net income of these corporations is excluded from income subject to tax.

[9] Includes surcharge of \$784,437,000.

[10] General business credit includes alcohol fuel, investment, jobs, and employee stock ownership plan (ESOP) credits which were reported separately for previous years.

NOTE: Detail may not add to totals because of rounding.

SOURCE: *Statistics of Income—Corporation Income Tax Returns*, appropriate years. Data are subject to sampling error. Tax law and tax form changes affect the year-to-year comparability of the data. See the appropriate Statistics of Income reports for a description of sampling error and of the changes mentioned above.

Table 14

[1] See footnote 7, Table 13.

[2] See footnote 9, Table 13.

[3] Also includes additional tax for tax preferences ("minimum tax"), tax from recomputing prior-year investment credit, and Personal Holding Company tax.

SOURCE: *Statistics of Income—Corporation Income Tax Returns*, appropriate years. Data are subject to sampling error. Tax law and tax form changes affect the year-to-year comparability of the data. See the appropriate Statistics of Income reports for a description of sampling error and of the changes mentioned above.

Table 15

[1] Profits shown are without inventory valuation and capital-consumption adjustment.

SOURCE: U.S. Department of Commerce, Bureau of Economic Analysis, *The National Income and Product Accounts of the United States, 1929–82: Statistical Tables*, 1986; for years after 1982, *Survey of Current Business*, various issues; and *Statistics of Income—Corporation Income Tax Returns*, appropriate years. Statistics of Income data are subject to sampling error; tax law and tax form changes affect the year-to-year comparability of the data. See the specific Statistics of Income reports for a description of sampling error and of the changes mentioned above.

Tables 16 and 17

[1] Individual income tax collected includes that portion which was designated for the presidential election campaign fund by taxpayers on their returns. Also included is the fiduciary income tax collected (from estates and trusts). Fiduciary income tax collected was \$6.5 billion in 1988, \$8.4 billion in 1987, \$4.5 billion in 1986, \$4.1 billion in 1985, and \$2.9 billion in 1984. Presidential election campaign designations amounted to \$34.4 million in 1988, \$33.2 million in 1987, \$35.9 million in 1986, and \$34.8 million in 1985 and 1984.

[2] Corporation income tax collected includes various taxes applicable to tax-exempt organizations, including the tax on "unrelated business income." Total taxes collected from tax-exempt organizations were \$137.5 million (1988), \$119.9 billion (1987), \$30.2 million (1986), \$54.9 million (1985), and \$50.0 million (1984).

[3] Excise taxes are imposed on selected products, services, and activities, such as on sales of alcohol and tobacco products and on the manufacture of gasoline.

[4] Employment taxes include payroll taxes levied on salaries and wages, such as social security, railroad retirement, and unemployment taxes; plus the self-employment tax imposed on "self-employment income."

NOTES: Collections (or refunds) are those made during the time periods indicated, regardless of the year or other period during which the tax liability was incurred (or to which the refund applied).

Collections represent the gross amounts before refunds and include amounts paid with the return; prior to filing the return (as applicable, income tax withheld by employers and estimated tax payments); and subsequent to filing the return (chiefly the result of initial return processing or of examination and enforcement activities). Collections also include interest and penalties.

Refunds result chiefly from tax overpayments determined at time of filing a return. Also included are amounts subsequently determined as due the taxpayer as a result of an amended return or a claim for refund (including those produced by "net operating loss" and other carryback adjustments from future taxable years); or as a result of initial return processing or of examination and other activities. Individual income tax refunds are net of offsets under laws which require IRS to act as collection agent for delinquent payments owed various U.S. agencies under specific programs. All refund data include interest paid by IRS.

Detail may not add to totals because of rounding.

SOURCE: Internal Revenue Service, Returns Processing and Accounting Division, Accounting Branch.

Table 18

[1] Effective January 1, 1984, taxes on tubes and tread rubber were repealed, and dealers holding taxable tires were assessed a one-time floor stock tax.

[2] Effective January 7, 1983, the excise taxes on parts and accessories for trucks and buses, which are included in this classification, were repealed. Beginning with the quarter ending December 1983, motor vehicles are excluded.

[3] Special fuels, total, includes diesel and special motor fuels which were classified as miscellaneous excise taxes in 1970. Beginning with the quarter ending December 1983, motor vehicles are included.

[4] Effective January 1, 1983, the excise tax increased from 1 percent to 3 percent.

[5] Expired September 30, 1985; reimposed in January 1987.

NOTES: For 1970 and 1975, the fiscal year was defined as July of the previous calendar year through June of the year noted. For 1980–1986, the fiscal year was defined as October of the previous calendar year through September of the year noted.

Except for alcohol and tobacco taxes, additional detail is published in the *Annual Report of the Commissioner and*

Chief Counsel, Internal Revenue Service. For additional detail for alcohol and tobacco taxes, see the Statistical Release, "Alcohol and Tobacco Tax Collections," Bureau of Alcohol, Tobacco and Firearms, U.S. Department of the Treasury, 1989.

SOURCE: U.S. Department of the Treasury, Internal Revenue Service, Returns Processing and Accounting Division, Revenue and Accounting Branch; and Financial Management Service.

Table 19

[1] Includes Forms 1040C, 1040NR, 1040PR, and 1040SS; excludes amended returns (Form 1040X).

[2] Includes Forms 1120F, 1120 POL, and 1120H; excludes Forms 1120-DISC/FSC and amended returns (Form 1120X).

[3] Includes Form 1041A.

[4] Includes Form 990A.

SOURCE: Internal Revenue Service, Research Division, Projections and Forecasting Group.

Table 20

[1] Estimates of returns with paid preparer assistance for 1985 and earlier years are based on the full-year sample of returns used for *Statistics of Income—Individual Income Tax Returns*. Data for 1987 are based on the sample used to produce preliminary Statistics of

Income (SOI) data and are therefore subject to revision. Since data on paid preparers are not available from the 1986 SOI file, estimates were obtained by converting the 1986 Taxpayer Usage Study (TPUS) sample to the equivalent of the SOI sample. This was done because the TPUS sample represents returns filed through April, while the SOI sample represents all individual income tax returns filed in a calendar year. For additional information about the TPUS sample, see "Taxpayer Usage of Forms 1040, 1040A, and 1040EZ," *Statistics of Income Bulletin*, Summer 1988, Volume 8, Number 1.

[2] Data on IRS Taxpayer Service Programs are collected on a fiscal-year basis. In general, assistance rendered in a given fiscal year may be related to returns due on April 15th during that fiscal year and are for the tax year ending with the previous December. Therefore, data in Table 20, which are presented on a tax year basis, are actually for a fiscal year, so that data shown as for Tax Year 1987, for example, are actually for Fiscal Year 1988. However, data shown as for Tax Year 1986 in previous issues of the *SOI Bulletin* were actually for the first 7 months of Fiscal Year 1987; the revised data represent the entire Fiscal Year 1987.

NOTE: Data on IRS assistance represent taxpayer contacts. Some taxpayers make more than one contact. The number of taxpayers assisted (in contrast to the number of contacts made) is not known.

SOURCE: Data on paid preparers were obtained from Statistics of Income and Taxpayer Usage Study samples. Data on IRS assistance were compiled by the Taxpayer Service Division.

Appendix *

General Description of Statistics of Income Sample Procedures and Data Limitations

This appendix discusses typical sampling procedures used in most Statistics of Income (SOI) programs. Aspects covered briefly include sampling criteria, selection techniques, methods of estimation, and sampling variability. Some of the nonsampling error limitations of the data are also described, as well as the tabular conventions employed.

Additional information on sample design and data limitations for specific SOI studies can be found in the separate SOI reports (see the References at the end of this Appendix). More technical information is available, upon request, by writing to the Director, Statistics of Income Division, Internal Revenue Service, Washington, DC 20224.

SAMPLE CRITERIA AND SELECTION OF RETURNS

Statistics compiled for the SOI studies are generally based on stratified probability samples of income tax returns or other forms filed with the Internal Revenue Service (IRS). The statistics do not reflect any changes made by the taxpayer through an amended return or by the IRS as a result of an audit. As returns are filed and processed for tax purposes, they are assigned to sampling classes (strata) based on criteria such as: industry, presence or absence of a tax form or schedule, accounting period, State from which filed, and various income factors or other measures of economic size (total assets, for example, is used for the corporation and partnership statistics). The samples are selected from each stratum over the appropriate filing periods. Thus, sample selection can continue for a given study for several calendar years, 3 for corporations because of the prevalence of fiscal (non-calendar) year reporting. Because sampling must take place before the population size is known precisely, the rates of sample selection within each stratum are fixed. This means in practice, that both the population and the sample size can differ from that planned. However, these factors do not compromise the validity of the estimates.

The probability of a return being designated depends on its sample class or stratum and may range from a fraction of 1 percent to 100 percent. Considerations in determining the selection probability for each stratum include the number of returns in the stratum, the diversity of returns in the stratum, and interest in the stratum as a separate subject of study. All

this is subject to constraints based on the estimated cost or the target size of the total sample for the program.

For most SOI studies, returns are designated by computer from the IRS Master File based on the taxpayer identification number (TIN) which is either the social security number (SSN) or the employer identification number (EIN). A fixed and essentially random number is associated with each possible TIN. If that random number falls into a range of numbers specified for a return's sample stratum, then it is selected and processed for the study. Otherwise it is counted (for estimation purposes) but not selected. In some cases, the TIN is used directly by matching specified digits of it against a predetermined list for the sample stratum. A match is required for designation.

Under either method of selection, the TIN's designed from one year's sample are for the most part selected for the next year's, so that a very high proportion of the returns selected in the current sample are from taxpayers whose previous years' returns were included in earlier samples. This longitudinal character of the sample design improves the estimates of change from 1 year to the next.

METHOD OF ESTIMATION

As noted above, the probability with which a return is selected for inclusion in a sample depends on the sampling rate prescribed for the stratum in which it is classified. Weights are, in general, computed by dividing the count of returns filed for a given stratum by the count of sample returns for that same stratum. "Weights" are used to adjust for the various sampling rates used—the lower the rate, the larger the weight. For some studies, it is possible to improve the estimates by subdividing the original sampling classes into "post-strata," based on additional criteria or refinements of those used in the original stratification. Weights were then computed for these post-strata using additional population counts. The data on each return in a stratum are multiplied by that weight. To produce the tabulated estimates, these weighted data are summed to produce the published statistical totals.

SAMPLING VARIABILITY

The particular sample used in a study is only one of a large number of possible random samples that could have been selected using the same sample design. Estimates derived from the different samples usually vary. The standard error of the estimate is a measure of the variation

*Compiled by Bettye Jamerson, Coordination and Publications Staff, under the direction of Robert Wilson, Chief, Publications Team. Major contributions were made by Paul McMahon, Mathematical Statistical Team.

among the estimates from all possible samples and is used to measure the precision with which an estimate from a particular sample approximates the average result of the possible samples. The sample estimate and an estimate of its standard error permit the construction of interval estimates with prescribed confidence that this interval includes the actual population value.

In SOI reports the standard error is not directly presented. Instead, the ratio of the standard error to the estimate itself is presented in decimal form. This ratio is called the coefficient of variation (CV). The user of SOI data may multiply an estimate by its coefficient of variation to recreate the standard error and to construct confidence intervals.

For example, if a sample estimate of 150,000 returns is known to have a coefficient of variation of 0.02, then the following arithmetic procedure would be followed to construct a 68 percent confidence interval estimate:

150,000	(sample estimate)
× 0.02	(coefficient of variation)
= 3,000	(standard error of estimate)

150,000	(sample estimate)
+ or - 3,000	(standard error)
= 147,000-153,000	(68 percent confidence interval)

Based on these data, the interval estimate is from 147 to 153 thousand returns. A conclusion that the average estimate of the number of returns lies within an interval computed in this way would be correct for approximately two-thirds of all possible similarly selected samples. To obtain this interval estimate with 95 percent confidence, the standard error should be multiplied by 2 before adding to and subtracting from the sample estimate. (In this particular case, the resulting interval would be from 144 to 156 thousand returns.)

Generally in the *SOI Bulletin* only conservative upper limit CV's are provided for frequency estimates. These do, however, provide a rough guide to the order of magnitude of the sampling error.

Further details concerning confidence intervals, including the approximation of CV's for combined sample estimates, may be obtained on request by writing the Director, Statistics of Income Division.

NONSAMPLING ERROR CONTROLS AND LIMITATIONS

Although the previous discussion focuses on sampling methods and the limitations of the data caused by sampling error, there are other sources of error that may be significant

in evaluating the usefulness of SOI data. These include taxpayer reporting errors, processing errors, and effects of an early cut-off of sampling. More extensive information on nonsampling error is presented in SOI reports, when appropriate.

In transcribing and tabulating the information from the returns or forms selected for the sample, checks are imposed to improve the quality of the resultant estimates. Tax return data may be disaggregated or recombined during statistical "editing" in order both to improve data consistency from return to return and to achieve definitions of the data items that are more in keeping with the needs of major users. In some cases not all of the data are available from the tax return as originally filed. Sometimes the missing data can be obtained through field followup. More often though, they are obtained through imputation methods. As examples, other information in the return or in accompanying schedules may be sufficient to enable an estimate to be made; prior-year data for the same taxpayer may be used for the same purpose; or data from another return for the same year that has similar characteristics may be substituted. Research to improve methods of imputing data that are missing from returns continues to be an ongoing process [1].

Quality of the basic data abstracted from the returns is subjected to a number of quality control steps including 100-percent key verification. The data are then subjected to many tests based on the structure of the tax law and the improbability of various data combinations. Records failing these tests are then subjected to further review and any necessary corrections are made. In addition, the Statistics of Income Division in the National Office conducts an independent reprocessing of a small subsample of statistically-processed returns as a further check [2].

Finally, before publication, all statistics are reviewed for accuracy and reasonableness in light of provisions of the tax laws, taxpayer reporting variations and limitations, economic conditions, comparability with other statistical series, and statistical techniques used in data processing and estimating.

TABULAR CONVENTIONS

Estimates of frequencies and money amounts that are considered unreliable due to the small sample size on which they are based are noted in SOI tables by an asterisk (*) to the left of the data item(s). The presence of an asterisk indicates that the sample rate is less than 100 percent of the population and that there are fewer than 10 sample observations available for estimation purposes.

A dash in place of a frequency or amount indicates that no sample return had that characteristic. In addition, a dash

in place of a coefficient of variation for which there is an estimate indicates that all returns contributing to the estimate were selected at the 100-percent rate.

Whenever a weighted frequency in a data cell is less than 3, the estimate is either combined with other cells or deleted in order to avoid disclosure of information about individual taxpayers or businesses [3]. These combinations and deletions are indicated by a double asterisk (**).

NOTES

- [1] See, for example, Hinkins, Susan M., "Matrix Sampling and the Effects of Using Hot Deck Imputation," in *1984 Proceedings: American Statistical Association, Section on Survey Research Methods*. Other research efforts are included in *Statistical Uses of Administrative Records: Recent Research and Present Prospects*, Volume 1, Internal Revenue Service, March 1984.
- [2] Quality control activities for all SOI studies will be published in a series of forthcoming reports. These reports will provide detailed information relating to quality in all phases of SOI processing.

- [3] For geographic statistics, these same steps are taken when a weighted frequency is less than 10.

REFERENCES

For information about the samples used for specific SOI programs see:

Statistics of Income—1985, Individual Income Tax Returns, 1984, (see especially pages 4-7).

Statistics of Income—1985, Corporation Income Tax Returns (see especially pages 9-15).

Statistics of Income—1978-82, Partnership Returns (see especially pages 237-244).

Statistics of Income—1979-83, Compendium of Studies of International Income and Taxes, Foreign Income and Taxes Reported on U.S. Tax Returns (see information about the samples used at the end of each chapter).

SOI Bulletin (see each issue).

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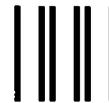
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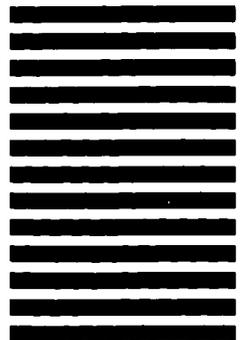


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